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# **Social Customer Relationship Management (SCRM) in the Nigerian Banking Sector**

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## **Thesis Abstract**

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To attract more customers, the level of competition in all industries, both locally and internationally, has intensified enormously, and so firms are forced to develop unique products and especially services through customer engagement to keep up with their clients and their endless demands. As the world has become a global village with the Internet and social media, businesses have adopted the use of social media as a strategy of Customer Relationship Management (CRM) to develop a new idea or product through their customers' input as well as prospecting and engaging both new and old customers.

This study explores how successfully the Nigerian banking sector has used Social Customer Relationship Management (SCRM) to engage its clients and to determine the willingness of the customers to follow along in this engagement. It is also aimed to help banks in Nigeria to enhance customer loyalty and satisfaction, which can contribute to improving the foundation for growth, which, in turn, may widen the banks' customer base.

The research method adopted for this case study represents a quantitative research approach through the use of two surveys among the customers and the bank staff of the three Nigerian banks selected for this study. The findings indicate customers see SCRM as a useful two-way tool for engaging with the banks and also consider it of high importance for banks to be actively presence on social media. However, many are still skeptical about its openness and have concerns about its security.

Keywords: Social Media, Customer Relationship Management, Social Customer Relationship Management

## TABLE OF CONTENTS

|                                                                                   |    |
|-----------------------------------------------------------------------------------|----|
| Thesis Abstract.....                                                              | 1  |
| TABLE OF CONTENTS .....                                                           | 2  |
| Tables, Figures, and Pictures.....                                                | 4  |
| ABBREVIATIONS .....                                                               | 6  |
| 1 INTRODUCTION .....                                                              | 7  |
| 1.1 BACKGROUND OF THE STUDY AND STATEMENT OF PROBLEM.....                         | 7  |
| 1.2 SCOPE AND OBJECTIVE OF THE STUDY .....                                        | 8  |
| 2 CRM, SOCIAL MEDIA AND SCRM.....                                                 | 9  |
| 2.1 WHAT IS CUSTOMER RELATIONSHIP MANAGEMENT (CRM)? .....                         | 9  |
| 2.2 CRM OBJECTIVES AND BENEFITS IN THE BANKING SECTOR .....                       | 10 |
| 2.3 WHAT IS SOCIAL MEDIA?.....                                                    | 10 |
| 2.3.1 SOCIAL MEDIA STRATEGY .....                                                 | 11 |
| 2.4 SOCIAL CUSTOMER RELATIONSHIP MANAGEMENT (SCRM).....                           | 12 |
| 2.4.1 THE SCRM PROCESS.....                                                       | 12 |
| 2.5 CHALLENGES OF SCRM .....                                                      | 14 |
| 2.6 BENEFITS OF SCRM .....                                                        | 15 |
| 2.7 DIFFERENCES BETWEEN CRM AND SCRM .....                                        | 15 |
| 3 CUSTOMER EXPERIENCE JOURNEY IN BANKING SECTOR...                                | 17 |
| DISCOVER .....                                                                    | 17 |
| EVALUATE .....                                                                    | 18 |
| BUY .....                                                                         | 18 |
| USE .....                                                                         | 18 |
| RE-ENGAGE .....                                                                   | 18 |
| EFFECT OF SOCIAL MEDIA ON CUSTOMER EXPERIENCE JOURNEY .....                       | 19 |
| 4 NIGERIAN BANKING SECTOR.....                                                    | 20 |
| 4.1 OVERVIEW OF NIGERIA BANKING SECTOR .....                                      | 20 |
| 4.2 IMPACT OF SOCIAL MEDIA AND SOCIAL CRM ON THE NIGERIAN<br>BANKING SECTOR ..... | 22 |
| 5 RESEARCH METHODOLOGY .....                                                      | 23 |
| 5.1 RESEARCH .....                                                                | 23 |

|                                                          |    |
|----------------------------------------------------------|----|
| 5.2 DATA COLLECTION METHOD .....                         | 24 |
| 5.3 LIMITATION .....                                     | 24 |
| 5.4 TEST OF VALIDITY AND RELIABILITY .....               | 25 |
| 6 RESULTS .....                                          | 26 |
| 6.1 RESULTS OF THE FIRST SURVEY .....                    | 26 |
| 6.1.1 DESCRIPTIVE INFORMATION ABOUT THE RESPONDENTS .... | 26 |
| 6.1.2 RESEARCH RESULT .....                              | 28 |
| 6.1.3 RESPONDENTS OPINIONS AND RECOMMENDATIONS .....     | 32 |
| 6.2 RESULTS OF THE SECOND SURVEY .....                   | 35 |
| 6.2.1 DESCRIPTIVE INFORMATION ABOUT THE RESPONDENTS .... | 35 |
| 6.2.2 RESEARCH RESULT .....                              | 37 |
| 6.2.3 RESPONDENTS OPINIONS AND RECOMMENDATIONS .....     | 42 |
| 7 CONCLUSION AND RECOMMENDATIONS .....                   | 45 |
| BIBLIOGRAPHY .....                                       | 47 |
| APPENDICES .....                                         | 49 |
| APPENDIX 1. THESIS SURVEY FOR CUSTOMERS .....            | 49 |
| APPENDIX 2. THESIS SURVEY FOR THE SELECTED BANKS .....   | 56 |

## Tables, Figures, and Pictures

|                                                                                       |    |
|---------------------------------------------------------------------------------------|----|
| Figure 1. The SCRM process (Paul & Nilsson 2011, 19). .....                           | 14 |
| Figure 2. The customer experience journey (Virgili et al. 2012, 6). .....             | 17 |
| Figure 3. Gender of respondents. ....                                                 | 26 |
| Figure 4. Age of respondents.....                                                     | 27 |
| Figure 5. Educational level.....                                                      | 27 |
| Figure 6. Preferred customer service channel. ....                                    | 29 |
| Figure 7. How often do you use social media for personal purpose?.....                | 29 |
| Figure 8. How often do you interact with your bank via social media?.....             | 30 |
| Figure 9. Preferred channel for making a complaint and getting financial advice. .... | 30 |
| Figure 10. How important is it that your bank has active social media channels?. .... | 31 |
| Figure 11. Most important factors in customer relationship.....                       | 31 |
| Figure 12. Respondents' views on SCRM of their banks. ....                            | 32 |
| Figure 13. SCRM a useful communication tool. ....                                     | 33 |
| Figure 14. The willingness of banks to engage customers on SCRM. ....                 | 33 |
| Figure 15. The willingness of customers to engage with the banks on SCRM.....         | 34 |
| Figure 16. Concern for openness and security issues of social media. ....             | 34 |
| Figure 17. Concern for openness and security issues of social media. ....             | 35 |
| Figure 18. Age of respondents.....                                                    | 36 |
| Figure 19. Position of respondent. ....                                               | 36 |
| Figure 20. Customer has valuable asset.....                                           | 37 |

|                                                                                                      |    |
|------------------------------------------------------------------------------------------------------|----|
| Figure 21. Preferred customer service channel for getting services. ....                             | 37 |
| Figure 22. Reliable and efficient customer service channel. ....                                     | 38 |
| Figure 23. Customer engagement and satisfaction.....                                                 | 38 |
| Figure 24. Customer engagement and satisfaction.....                                                 | 39 |
| Figure 25. Customer engagement and satisfaction.....                                                 | 39 |
| Figure 26. Social media usage.....                                                                   | 40 |
| Figure 27. How often do your organization interact with customers on social media?<br>.....          | 40 |
| Figure 28. Has SCRM been efficient in engaging customers? .....                                      | 41 |
| Figure 28. Benefits of using social media and SCRM. ....                                             | 41 |
| Figure 30. Customers' willingness to engage. ....                                                    | 42 |
| Figure 30. Do organizations need to enhance its engagement with customers by<br>embracing SCRM?..... | 42 |
| Figure 32. Impact of SCRM. ....                                                                      | 43 |
| Table 1. Differences between the CRM and SCRM (Greenberg 2009, 8). ....                              | 16 |
| Table 2. The Nigeria commercial banks (cbn.gov.ng).....                                              | 21 |

## **ABBREVIATIONS**

|      |                                         |
|------|-----------------------------------------|
| CRM  | Customer Relationship Management        |
| SCRM | Social Customer Relationship Management |
| SM   | Social Media                            |
| ROI  | Return on Investment                    |

## **1 INTRODUCTION**

Over the years, the banking industry has played a major role in the business world, which has a significant growing impact on all other areas of the economy; as a result of its financial services provisions. The level of competition in the industry, to attract more customers both locally and internationally, has intensified enormously. In other words, the banking sector environment today is highly volatile and fierce, and to stand out from competitors, your service needs to be excellent. Similarly, in today's business world, the customer is number one. Companies are forced to develop unique products and especially services through customer engagement to keep up with their clients and their endless demands. Therefore, there is a significant need and interest in developing an effective technique to enhance interaction between customers and bank staff so as to prospect, engage and to retain customers.

As the world has become a global village with the help of the Internet and social media, businesses have adopted the use of social media as a strategy of Customer Relationship Management (CRM) to develop a new idea or product through their customers' input and as well as prospecting and engaging both new and old customers. It has further helped to harness the power of consumers to market products and services, to further improve customer satisfaction, to provide support, and to develop ideas for new and improved goods and services.

### **1.1 BACKGROUND OF THE STUDY AND STATEMENT OF PROBLEM**

The Nigerian banking sector has seen its fair share of this volatility as stated above. Bank managers in this area focus and think out of the box on how to create a close affiliation with their customers and also to create a different way of thinking about how CRM helps to use social media to enhance customer engagement, considering the increasing number of smartphone users, Internet users, and social media users in Nigeria. The Nigerian banking sector has embraced Social Customer Relationship Management (SCRM) to address customer issues and complaints to ensure that its clients get value for their money, thereby enhancing customer loyalty, building and



maintaining a cordial relationship with the customer to achieve an advantage that can lead to customer retention and increase profitability.

So, this research work is about evaluating the impact and usage of SCRM in the Nigerian banking sector as well as examining the degree of willingness of both the existing and prospective customers to contribute to or interact in SCRM.

## **1.2 SCOPE AND OBJECTIVE OF THE STUDY**

This research work focuses on the evaluation of the impact and usage of SCRM in the Nigerian banking sector as a case study as well as examines the degree of willingness of both existing and prospective customers to contribute to or interact in SCRM. The scope, however, will be narrowed down to three Nigerian banks that use SCRM.

The aim of this study is to provide information on how successfully the Nigerian banking sector has used SCRM to engage their customers and the willingness of the client to follow along in this engagement.

This study will help banks in Nigeria to enhance customer loyalty and satisfaction, which can contribute to improving the foundation for growth, which, in turn, may widen the banks' customer base.

## **2 CRM, SOCIAL MEDIA AND SCRM**

Nowadays, businesses such as banks, insurance companies, and other service providers successfully utilize CRM owing to its ability to manage customers' information; this has helped to understand the importance of CRM and its potential such as acquiring new customers, retaining the existing ones, and maximizing their lifetime value. However, many of these businesses have failed to engage their clients in building a long-lasting relationship toward customer retention and satisfaction. In a competitive and volatile sector like banking, one profitable way of having the edge over others is the ability to interact with consumers online through the use of SCRM. This chapter will take a look at the overview of CRM, Social Media, and SCRM and its benefits.

### **2.1 WHAT IS CUSTOMER RELATIONSHIP MANAGEMENT (CRM)?**

Many authors have defined CRM, but this section will take a look at some of them. Anderson and Kerr (2002) describe it as “a comprehensive approach to creating, maintaining and expanding customer relationships.” Reynolds (2002) goes further to describe it as a process “that requires businesses to recognize and nurture their relationships with their clients.” Mäkeläinen (2011) also defines it to be “a process of identification of customers and creation of customer relationships, maintenance of customer relationships and the creation of added value for customers. If necessary, termination of customer relationships.”

Martin et al. (2010) define CRM as “a firm's practices to systematically manage its customers to maximize value across the relationship lifecycle.” According to Kotler et al. (2003), it is the way of “managing detailed information about individual customers and carefully managing customer ‘touch points’ so as to maximize customer loyalty.”

Based on the definitions stated above, CRM refers to the ability to recognize the client's needs and fulfil them better. It helps companies view their operations through the eyes of the customer and decide which customer relationships they want to develop and continue. CRM involves four critical stages, which are acquiring new

customers, committing the customers, developing the client's relationship, and maintaining the relationship.

## **2.2 CRM OBJECTIVES AND BENEFITS IN THE BANKING SECTOR**

One vital importance of CRM is that it helps banks gain an insight into the behavior of customers and further assist them in valuing those customers. The usage of CRM would bring about better customer service, more efficient call centers, cross-selling products more efficiently, closing deals faster through leads forecast, the discovery of new clients with less hassle, and increase customer satisfaction.

## **2.3 WHAT IS SOCIAL MEDIA?**

With over two billion social media users globally, according to Marques (2016), customers have been strategically positioned to have more say in product production, development, marketing, sales, and support. In other words, they have become now active participants in the business. Gone are those days when companies sold products or services they chose to sell to their customers.

As more companies want to increase their return on investment (ROI), the need to think out of the box so as to improve sales and revenue are pertinent. Social media serves as a useful tool to help attain these goals, owing to its broad coverage of reach and its potentials.

Jones (2016) defines it as “essentially a category of online media where people are talking, participating, sharing, networking, and bookmarking online.” It gives an easy way to share ideas, photos, information, opinions, and to find out what others think. In other words, it must be engaging, interactive and also convincing people to follow along or share their views openly. Blakeman (2007) also supports this claim about social media in business communication, “it has changed the way corporations conduct business and communicate with their customers.”

Mostly, consumers share their brand and services experiences openly whether organizations are involved in the conversation or not. Social media has empowered

customers to add their voices to the choice of products and services they want, that is to say, they can make or break a business if proper approach is not employed and implemented. Many companies have integrated social media with their business communication activities both internal and external. The next section explains how social media strategy should be put in place to avoid adverse company and brand image.

### **2.3.1 SOCIAL MEDIA STRATEGY**

When implemented well, social media strategy can improve sales and return on investment (ROI) of business. However, it also has some significant consequences if applied otherwise. Disappointingly, most companies do not perform it well: they go ahead without a plan in mind, carry out marketing campaigns with no mechanism to track customers' responses and in so doing commit many mistakes.

Why are businesses adopting social media strategy and why is it so important? Well, as mentioned above, the idea of using social media strategy is to improve sales, revenue, and ROI. Also, it provides a platform where customers meet virtually to communicate with brands and voice their opinions. These ideas, when carefully looked at or acted upon, could go a long way in improving business.

Before integrating social media with a business, firstly, there is a proper need to ensure that there are objectives and goals. The need to provide adequate answers to this question: why and how do we want to use it? This issue lays a solid basis for implementing social media strategy. If adequately explained, that is a good layout to start off i.e. a good step in the right order, but a significant problem lays ahead if otherwise.

Secondly, how would the intended plans complement or go along with the company's marketing plan taking into account the effect it would have on people seeing or perceiving the company's brand? So there is a need to think critically about how to add value or represent the brand so that people could appreciate or value it.

Thirdly, there is a critical need to know who the target audience are. What social media channels are they using and when are they active online? Social media channels are ever-changing platforms, new channels may arise at any time, and old ones may fade, so be prepared to make the adjustments required. Therefore, allocate resources and plan adequately and more efficiently. For instance, this helps knowing when and how to communicate with them and also knowing what their preferences are. By so doing, tailoring communication with the audience using their preferred channel when engaging them.

Lastly, how to measure and analyze. Moreover, it is useful to access if the approach to engagement and communication are reaching the right audience, driving relevant traffic to the chosen channels and driving revenue for the business. There are quite useful tools online which can be used to accomplish these tasks. Some are for multi-channel i.e. it can manage more than one channel.

## **2.4 SOCIAL CUSTOMER RELATIONSHIP MANAGEMENT (SCRM)**

Kotadia (2016) defines SCRM as a “business strategy of engaging customers through Social Media with goal of building trust and brand loyalty.” SCRM does not manage customers as the traditional CRM does. However, it plays a role of engaging them towards relationship building which creates collaborative experiences and dialogue that customers value. In simple words, SCRM is a combination of social media with CRM which goes beyond traditional CRM. Thus, the major goal of SCRM is to use social media in conjunction with collaborative technology to bring about customer value and by so doing also solve business problems relating to the client relationship.

### **2.4.1 THE SCRM PROCESS**

The figure below explains the whole process about the SCRM process. The first key step is monitoring of social media channels or platforms. A listening tool system records relevant messages in online communities, which may include Facebook, Twitter, YouTube, LinkedIn, and much more, through the carefully designed list of

keywords; this could be names of the organization, brands or products, relevant discussions regarding the organization and industry. The listening process helps to identify, profile the client and conduct necessary actions as the case may be.

A holistic process of SCRM enables all the organs of the organization to utilize the potential of SCRM; this helps the team to be proactive, attentive and responsive towards the customer. All departments of the organization have access to the information from the system. For instance, technical support unit could provide a solution to message filtered by the listening tool, the customer care unit could follow up by contacting the customer to know if the respond was satisfactory, and the development team could gain one or more idea from the client's input for new product development. It is worth commenting that there should be a synergy among all organs of the organization involved in the SCRM process. Customers should not be left to reason or seek answers themselves due to lack of internal communication in the organization.

Synergized communication and collaboration among teams are essential in forming favorable relationships and a shared view of customers and the community with the hope of working towards clear shared objectives. Furthermore, the team should deliver high-quality, engaging information that's relevant to the community's needs. The composition of response content should be in a way that sparks conversation and increases reach as primary audience spreads the word.

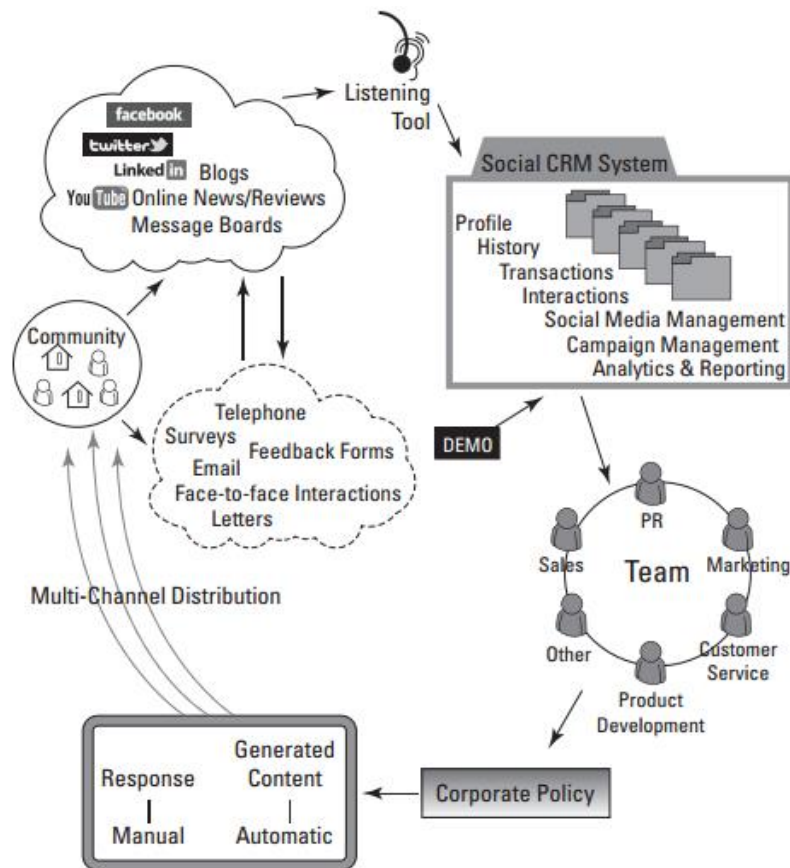


Figure 1. The SCRM process (Paul & Nilsson 2011, 19).

## 2.5 CHALLENGES OF SCRM

As widely known, any technology that runs on the internet has significant vulnerabilities regarding data security, privacy, legal and reputational risks. Social media has a whole lot to address concerning these vulnerabilities.

Customers tend to share honest opinions about their experiences publicly via social media which most organizations have no control over. A dissatisfied customer could escalate any reputational mistakes on social media, and this could affect the brand image of the organization at a faster rate than they can react. So they should actively seek dissatisfied customers on social channels and provide more rapid issue resolution on time. The most importance is convincing customers to engage and convert them into being net promoters of the organization.

## **2.6 BENEFITS OF SCRM**

SCRM allows organizations to interact with their clients most effectively. It enables the team, saddles with SCRM responsibilities, to carry out a large-scale prospecting and different view of conservation with their customers. It develops viable insights that can help reduce risk and improve all aspects of the customer relationship.

SCRM brings about the opportunity for firms to harness the power of consumers to market goods and services, further enhance customer satisfaction, provides support, and develop ideas for new and improved products and services.

It has brought a whole new way of customer acquisitions and contributing to highly leverageable direct and indirect revenue to the organization.

## **2.7 DIFFERENCES BETWEEN CRM AND SCRM**

The traditional CRM is a strategy, primarily aimed at marketing and selling to customers; customer's role is solely passive. However, SCRM focuses on customer engagement and relationship building because they play an active role.

Table 1 below further gives a clear summary of the differences between the CRM and SCRM.



Table 1. Differences between the CRM and SCRM (Greenberg 2009, 8).

| <b>Traditional CRM features/functions</b>                           | <b>SCRM features/functions</b>                                                         |
|---------------------------------------------------------------------|----------------------------------------------------------------------------------------|
| Designed to improve human interaction                               | Intended to engage the customer in a collaborative interaction                         |
| Customer strategy is part of corporate strategy                     | Customer strategy is corporate strategy                                                |
| Customer is passive                                                 | Customer is active                                                                     |
| Focuses only customer relationship                                  | Focuses on community build relationship                                                |
| Business's focus is on products and services that satisfy customers | Business's focus is on environments and experiences that engage customers              |
| Focus on operational aspect of sales, marketing, and support        | Focus on functional and social aspect of the interaction                               |
| Mostly uni-directional, business controls the dialogue              | Always bi-directional, business listens, and customers control dialogue                |
| Presumes for customers regularly                                    | Integrate the voice of the customer into all facets of planning from strategy onwards. |
| Interactions tend to be direct and formal                           | Conversation is not formal                                                             |

### 3 CUSTOMER EXPERIENCE JOURNEY IN BANKING SECTOR

As every customer demands different and unique objectives and needs from his or her bank; so is the interaction and engagement that exist between them. So, it is relatively important to understand the customer experience journey entirely so as to know when to apply social media in the engagement process. Customer experience paradigm shows the relationship of engagement that exists between a client and a product or service. The figure below illustrates the customer experience journey as presented by Virgili et al. (2012, 6); it depicts the breakdown of the journey of customer experience into discovery, evaluation, buy, use and re-engagement.



Figure 2. The customer experience journey (Virgili et al. 2012, 6).

#### DISCOVER

Usually, the customer comes to the bank for services like taking bank loans, creating of bank accounts, checking account balances, paying of money into accounts and much more. So, the needs of a customer who is engaging with a bank are difficult to shape or numerous. Every bank needs to provide services that are appealing to their clients so as to avoid a sudden decrease in customer base. Traditional marketing strategies aimed at helping customers discover and convince them about these new needs may not be enough. So, social media plays a new and support medium to target and prospect new clients.

## **EVALUATE**

As customers' needs for banking services are becoming numerous; leading to complex decision making for them. Customers will require expert and peer advice before making a choice. Customers want to share their opinions, listening to others and evaluate the options available to them before making a decision.

## **BUY**

At this stage, the customers are well convinced to interact and engage with the bank to patronage their services. Also, information exchange also takes place at this juncture. The challenge of this is engaging with customers through open channels is that sensitive personal Data are often involved. So, customers will feel reluctant to share their personal information or experience due to confidential information. Banking regulations may also have some restrictions on information sharing and interaction on open channels like social media so as to avoid security and data breach.

## **USE**

Having agreed to patronize the bank, the customer uses the services of the bank which are either automated or manually served; as long as these services are not deficient, the client may not need to engage with the bank directly.

## **RE-ENGAGE**

After the established relationship with the client, the bank has the privilege to introduce other services that might be of essence to him or her. The more a given customer advances in a relationship with a given bank, the less likely he or she is to leave.

## **EFFECT OF SOCIAL MEDIA ON CUSTOMER EXPERIENCE JOURNEY**

From the above explanation, the customer experience journey goes along with social media from its first stage down to the last scene. The introduction of social media with customer experience journey would aid banks in providing customer service and listening to clients effectively; this would help to increase the trust most customers have lost in their bank. Furthermore, it would assist the banks to understand the customers' needs and also allow the customer to voice their opinion more openly.

Social media does not only serves as engagement tool between a client and an organization, but it enables the development of SCRM for faster decision making throughout various units of the organization. So, every unit of the bank down to the top management should use data got from SCRM to increase market understanding and speed up the decision-making process.

## **4 NIGERIAN BANKING SECTOR**

### **4.1 OVERVIEW OF NIGERIA BANKING SECTOR**

According to Omeje (2007), First Savings Bank which was formerly known as the Post Office Savings Bank was the first banking institution in Nigeria, established in 1886 by the British during the colonial era. However, in 1892, the first deposit money bank was established, the African Banking Corporation which is now called First Bank of Nigeria. Between 1927 and 1951, shows the emergence of many Nigerian banks.

Bello Dogarawa (2011) supports the claim that the banks that firstly operated in Nigeria were foreign-owned. However, in the 1930s, there was an emergence of partially or wholly owned Nigerian banks; and this brought about a fierce competition among the Nigerian banks and those belonging to foreigners. In 1958, the government at the time established the Central Bank of Nigeria (CBN), as a result of lack of regulations, insufficient capital, and mismanagement.

The CBN's core mandate are summarized below:

- Issue legal tender currency in Nigeria
- Promote monetary stability and sound financial systems in Nigeria
- Act as a banker and providing an economical, and financial adviser to Federal Government.
- Sustain the nation's foreign exchange reserves to preserve the value of the local currency
- Ensure monetarily and price stability

The Nigerian banking sector had experienced many reforms. However, there are two prominent ones, which are 2004 and 2009. The 2004 reform focuses on bank consolidation through the mechanism of merger and acquisition while 2009 focuses

on acquisition and management of non-performing loans of various commercial banks in the country.

The table below shows the existing list of Nigeria commercial banks as at November 2016.

Table 2. The Nigeria commercial banks (cbn.gov.ng).

| <b>Nigeria Commercial Bank</b> |                               |    |                                      |
|--------------------------------|-------------------------------|----|--------------------------------------|
| 1                              | Access Bank Plc               | 12 | MainStreet Bank                      |
| 2                              | Citibank Nigeria Limited      | 13 | Skye Bank Plc                        |
| 3                              | Diamond Bank Plc              | 14 | Stanbic IBTC Bank Ltd.               |
| 4                              | Ecobank Nigeria Plc           | 15 | Standard Chartered Bank Nigeria Ltd. |
| 5                              | Enterprise Bank               | 16 | Sterling Bank Plc                    |
| 6                              | Fidelity Bank Plc             | 17 | SunTrust Bank Nigeria Limited        |
| 7                              | FIRST BANK NIGERIA LIMITED    | 18 | Union Bank of Nigeria Plc            |
| 8                              | First City Monument Bank Plc  | 19 | United Bank For Africa Plc           |
| 9                              | Guaranty Trust Bank Plc       | 20 | Unity Bank Plc                       |
| 10                             | Heritage Banking Company Ltd. | 21 | Wema Bank Plc                        |
| 11                             | Key Stone Bank                |    |                                      |

## **4.2 IMPACT OF SOCIAL MEDIA AND SOCIAL CRM ON THE NIGERIAN BANKING SECTOR**

Most Nigerian banks have a presence on social media, especially on Facebook, LinkedIn, Instagram, and Twitter. Social media has created a new path to interact with the customer in the sector; this has given rise to a whole new way of customer engagement (SCRM) as against traditional customer management.

With an increasing population as well as a growing number of tablets and smartphones users in the country, the Nigerian banks have a choice to embrace social media and SCRM as either a CRM component of their social strategy or a social element of their CRM strategy (Virgili et al. 2012, 12).

Most Nigerian banks now have a team whose responsibilities are to listen, respond and search through different social channels for customer complaints and discussions regarding their service and offerings. The team offers support or try to lead the user to communicate with support services available.

The Nigerian banks usually solicit for feedback and opinion of customers on a subject matter via social media to improve their services. The forms of the feedback can be answers to customer complaints, personalized surveys for each community member, topic-based surveys or polls, and general satisfaction surveys and comments.

It is an avenue to create awareness of their services without spending a dime rapidly. Nowadays, most of the banks use this platform to give rewards like mobile phone airtime (popularly known as recharged cards in Nigeria) to their customers.

## **5 RESEARCH METHODOLOGY**

This chapter takes a critical look at the research problem and the research method adopted for this case study. Also, this section will explain the data collection process, scope, limitation during the research.

### **5.1 RESEARCH**

According to Myers (2009), research is defined “as an original investigation undertaken to contribute to knowledge and understanding in a particular field.” He further explains that it usually involves inquiry of an empirical or conceptual nature and is carried out by people with specialized knowledge about the subject matter.

Sachdeva (2009) defines research as “the techniques for gathering evidence and various ways of proceeding in gathering the information.”

Kothari (2004) further tells about two approaches in doing research. These are quantitative and qualitative methods.

The quantitative approach of research involves measurement of quality or amount by the generation of data in a quantitative way which can be subjected to quantitative analysis while the qualitative approach involves the subjective assessment of quality, kind, attitudes, opinions and behavior (Kothari 2004, 5).

The research method adopted for this case study is a quantitative research approach through the use of two questionnaires, one for the customers and the other for the bank staff of the three selected Nigerian bank for this study. These surveys focus on measuring and evaluating the impact and usage of SCRM in the Nigerian banking sector as well as examine the degree of willingness of both the existing and prospective customers to contribute or interact on the SCRM; thus, taking into consideration the view of the customers and the banks.



## **5.2 DATA COLLECTION METHOD**

According to Kothari (2004), there are two ways of data collection for research, which are primary data and secondary data. He further explains that primary data are those which are collected afresh for the first time and make them look original in character while the secondary data are those that have already been collected by someone else and has already passed through the analytical process (Kothari 2004, 95).

The data derived from the use of questionnaires, interview methods are classified as primary data while published or unpublished data, these include reports, magazines, books, publication of various association, are all secondary data.

For the purpose of this study, primary data were used through two structured questionnaires. The researcher designed the online surveys using Google form and subsequently sent the generated survey links to several respondents. The links were sent to the email addresses belonging to the bank's officials of the three selected Nigerian banks. Furthermore, they were informed to send the second survey meant for the customer to their respective clients. The online surveys was conducted for one and half months, and after that, the preparation for collection and analysis started immediately.

## **5.3 LIMITATION**

Initially, the researcher planned to conduct interviews session with a few number of bank staff to get their insight on the study using a qualitative approach to research but encountered a problem of having the time to conduct the interview. Most of them were busy at work and claimed to leave home for their workplaces very early in the morning and close at 10 p.m. So, the researcher decided to use an online survey which is a form of quantitative approach so as to conclude the research.

Secondly, the researcher had to follow up by sending several reminders and making phone calls so that the respondents can duly complete the online survey and also to persuade their customer to participate by accurately completing it as well.

Lastly, the researcher decided not to include the names of the three selected bank in the survey because doing so will discourage some of these banks' employees from participating and as well as not sending the survey to their respective customers. Also, considering that banking sector is a sensitive industry, the research decided not to capture the names of the banks, and that of the respondent because of having a fear of divulging confidential information about the bank.

#### **5.4 TEST OF VALIDITY AND RELIABILITY**

Kothari (2004) defines validity as the most critical criterion which indicates the degree to which a study measures what it is supposed to measure. In other words, is the study measuring what it is meant to measure? The research ensured that the links of the surveys were sent to the email addresses belonging to the officials of the three selected Nigerian banks. Furthermore, they were informed to send the second survey meant for the customer to their respective clients. The questionnaires were formulated to address specific questions that would provide valid data rather than general questions.

According to Kothari (2004), the reliability is the extent to which your data collection techniques or measuring instrument provides consistent results. The surveys used for the study was carefully designed with Google form; after that test run was conducted to secure consistent results with repeated measurements of the same person.

## 6 RESULTS

This chapter will analyze the data got from the research study of the questionnaires sent to the banks' officers and their customers. The respondents of this research study were selected from the chosen three Nigerian banks used for this case study.

### 6.1 RESULTS OF THE FIRST SURVEY

The survey was carefully designed to examine the view of customers' experiences on evaluating the impact and usage of SCRM in the Nigerian banking sector as well as examine the degree of willingness customers to contribute or interact on the SCRM. A total of 102 invitations were sent, and 51 responses were received resulting in a response rate of 53 percent.

#### 6.1.1 DESCRIPTIVE INFORMATION ABOUT THE RESPONDENTS

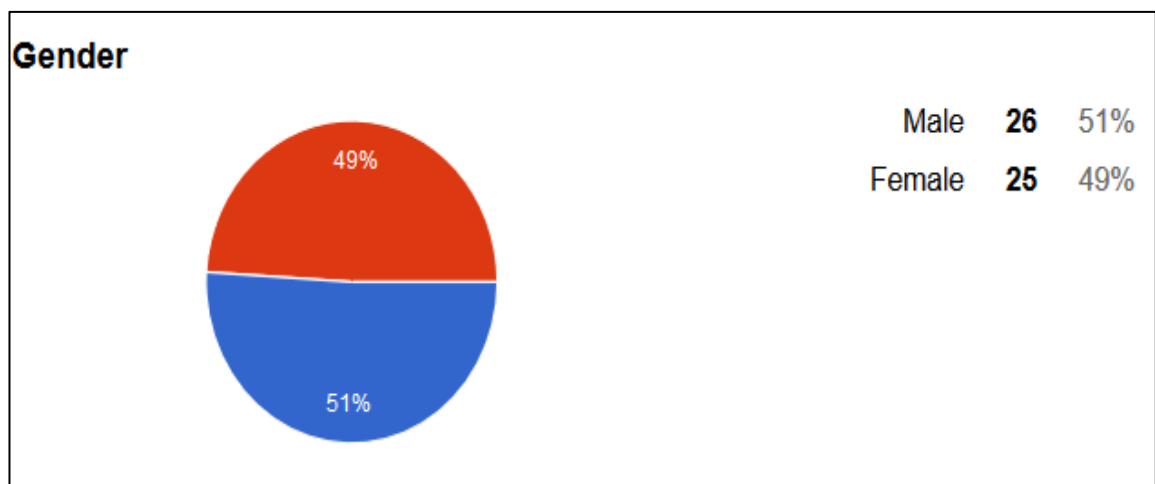


Figure 3. Gender of respondents.

The chart above shows the gender ratio of the respondents that participated in the survey with 51 percent of male while 49 percent were female.

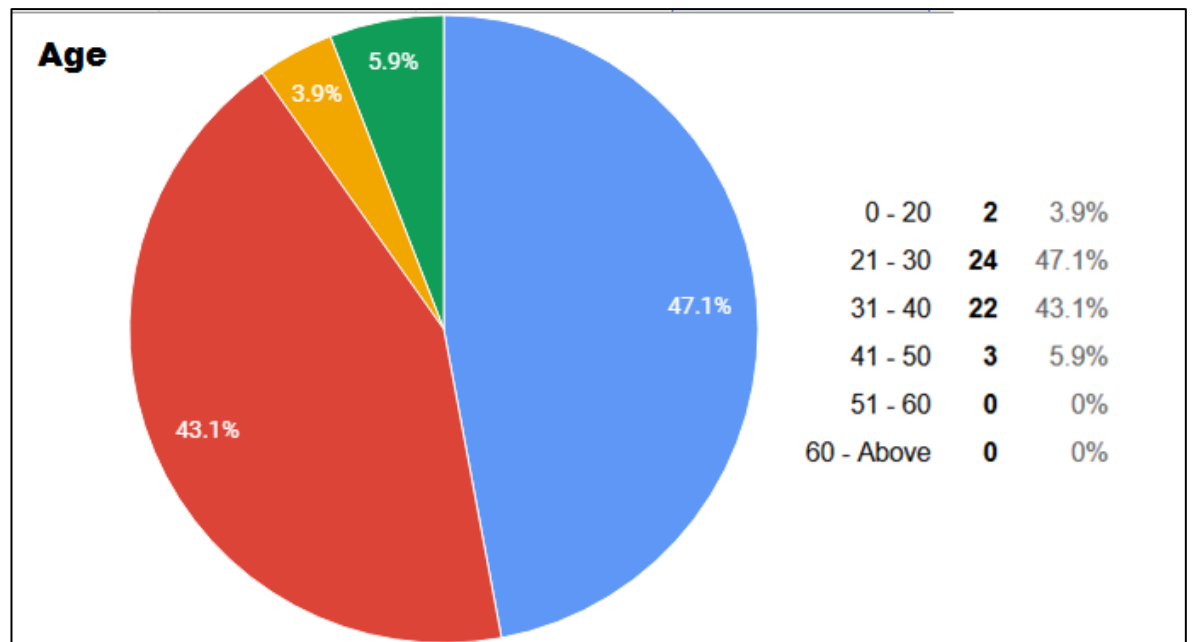


Figure 4. Age of respondents.

The chart above shows the age categories of the respondents that participated in the survey, the majority of the respondents are in the age bracket of 21–30 with the number of 24 persons, and that represents 47.1 percent. 22 people out of the respondents are between the ages 31 and 40 with a percent of 43.1; three individuals out of the respondents are between the age 41 and 50 while two persons are between 31 and 40.

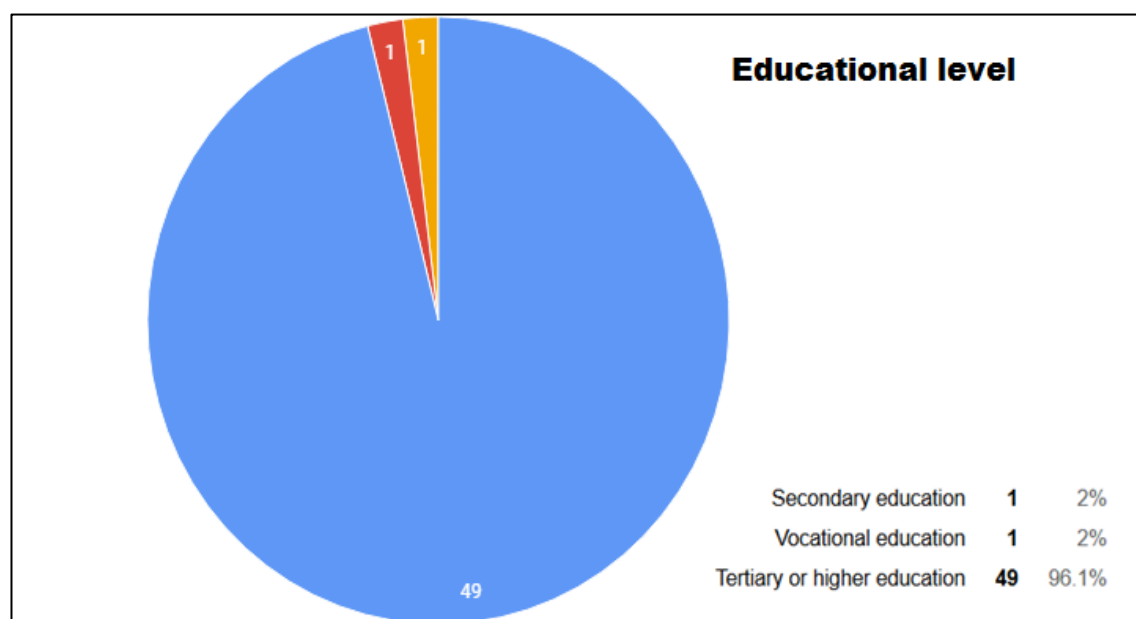


Figure 5. Educational level.

The chart above depicts the educational background of the respondents. 96.1 percent had a tertiary degree of education while two percent had a secondary school and two percent had a vocational educational.

### 6.1.2 RESEARCH RESULT

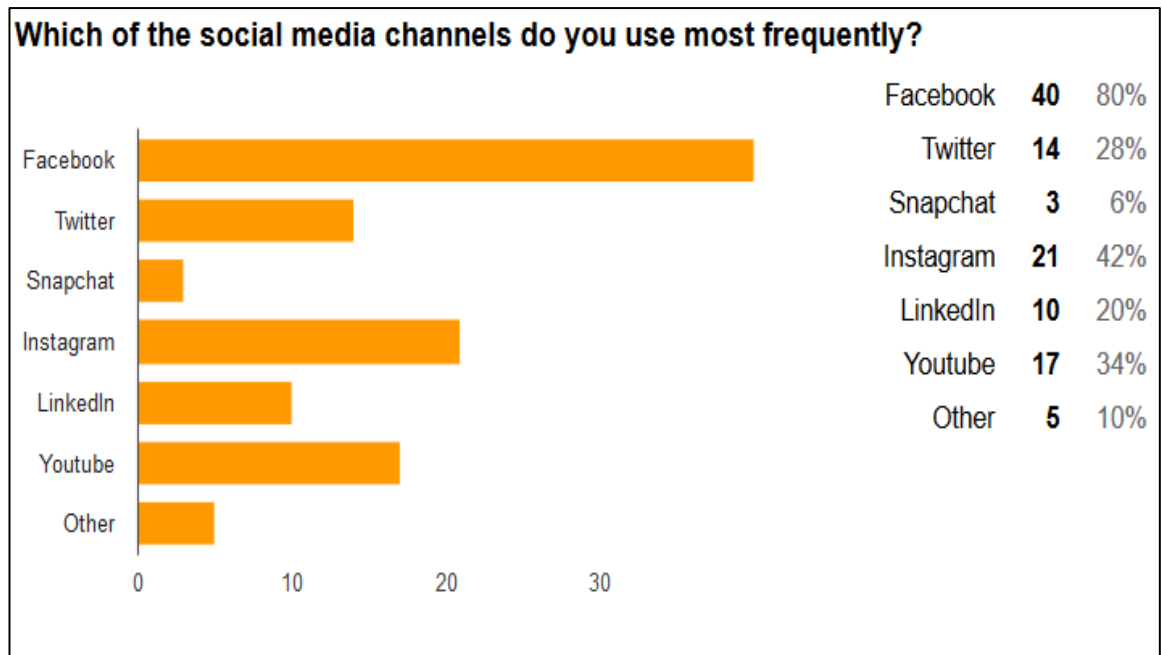


Figure 5. Preferred social media channel.

This part of the survey shows the social media channels respondents use frequently. The respondents can choose more than one of the listed social media channels; the result indicated that the majority of the respondents used Facebook. Other social media channels used are as follows: Instagram, Twitter, Youtube, LinkedIn, Whatsapp, and Snapchat.

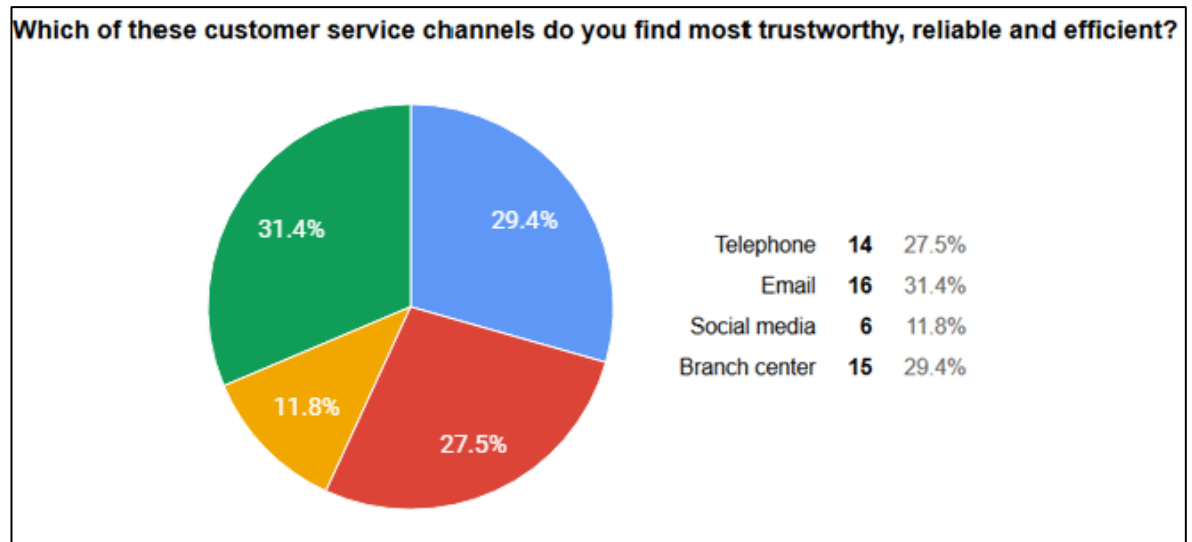


Figure 6. Preferred customer service channel.

Under this section of the survey, the respondents were asked their preferred customer service channel. The majority of about 29 percent chose email, followed by branch center with a percent of 31.4. The least preferred channel selected was social media with 11.8 percent; this shows that in the Nigerian banking sector, the majority of customers prefers to either send mail to inquire about a service or go to the bank centers to enjoy service.

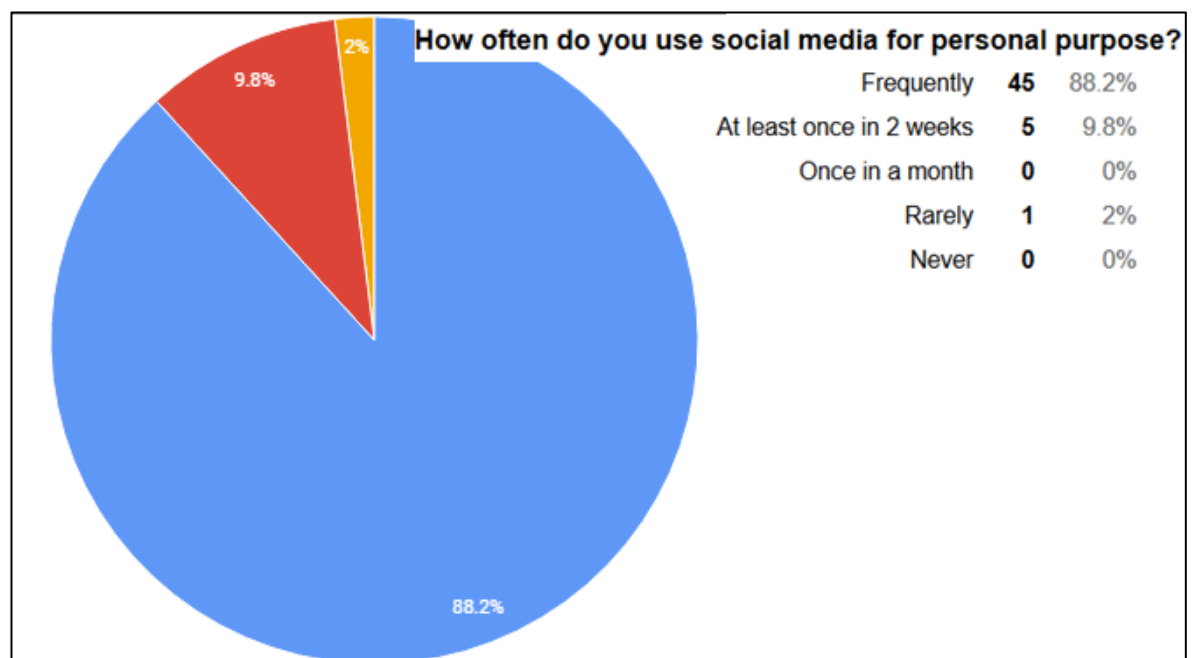


Figure 7. How often do you use social media for personal purpose?

The chart above depicts how often banks' customers use social media for the particular purpose; it also shows that majority of the respondents uses social media

frequently for personal purpose while some use it at least once in one week, at least once in two months, and some rarely use it.

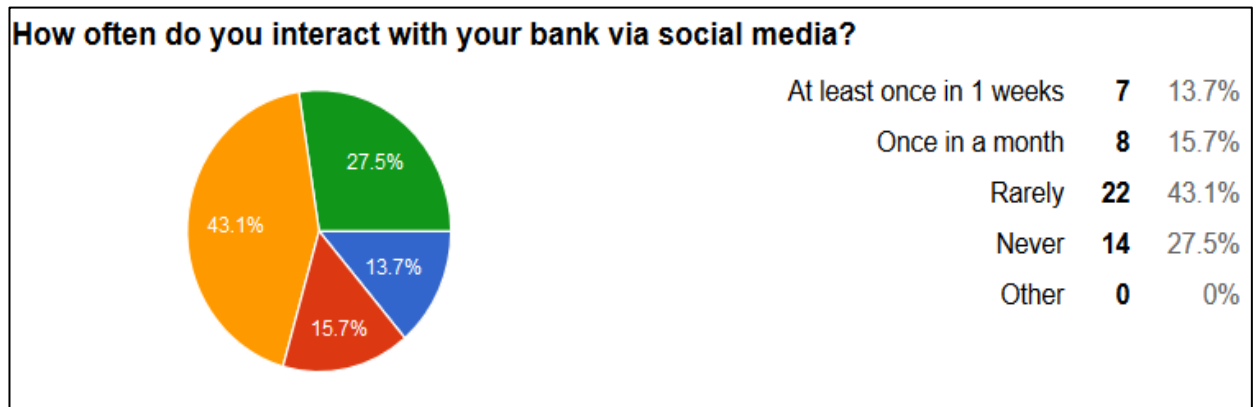


Figure 8. How often do you interact with your bank via social media?

The chart above depicts how often banks' customers use social media to interact with their banks; thus, it shows that majority of the respondents rarely uses social media to communicate with their banks while a huge number of them never use them at all. Quite a few of them use it at least once in one week, and at least once in a month.

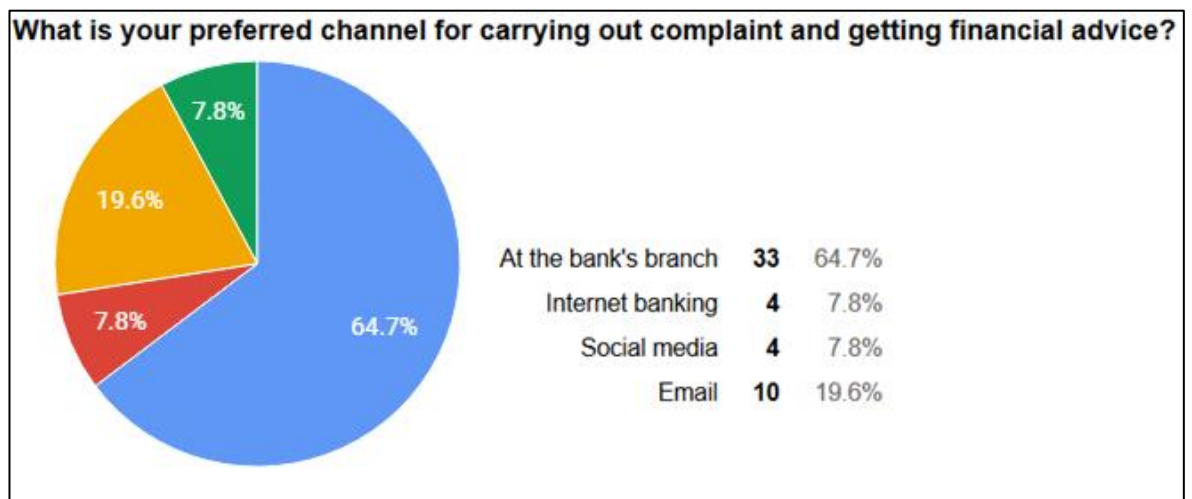


Figure 9. Preferred channel for making a complaint and getting financial advice.

The respondents were asked their preferred channel for carrying out a complaint and getting financial help. 64.7 percent of the respondents indicated that they would prefer to visit Banks' branches. Four people said they prefer to use email to get financial service and make a complaint through social media and four people chose internet banking as well.

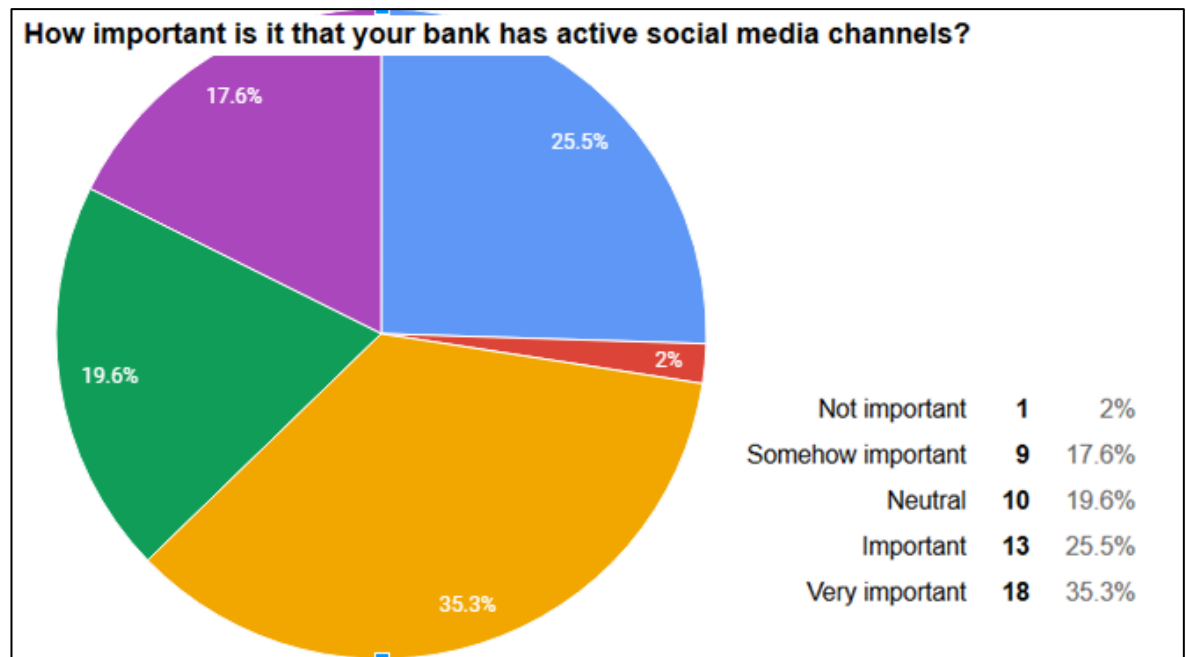


Figure 10. How important is it that your bank has active social media channels?

Here, the respondents were asked how important it is that their banks have active social media channels. 35 percent, 25.5 percent and 17.6 percent of the respondents signified very important, important, and somehow important respectively; this shows that there is a significant number of individuals who wants their banks to have active social media channels. Nevertheless, the chart above also shows that 19.6 percent felt undecided about it, and 2 percent considered it unnecessary.

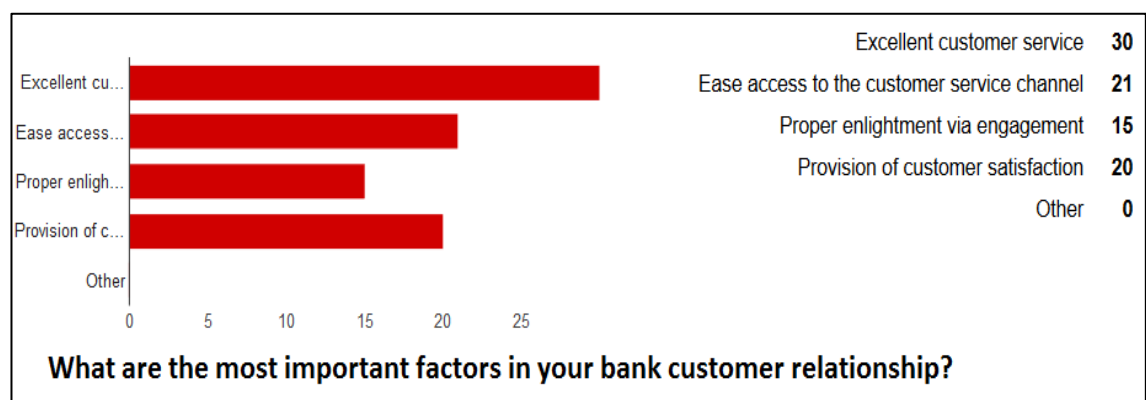


Figure 11. Most important factors in customer relationship.

The respondents were asked to indicate what they regarded as important factors in their banks' customer relationships. 30 individuals wanted excellent customer services while 21, 20, 15 people wanted easy access to the client service channels,



provision of customer satisfaction, and proper enlightenment via engagement respectively. These factors showed that the customers wanted a healthy customer relationship with their respective banks.

### 6.1.3 RESPONDENTS OPINIONS AND RECOMMENDATIONS

After answering the research questions, the respondents also gave their views and suggestions about SCRM in the Nigerian banking sector.

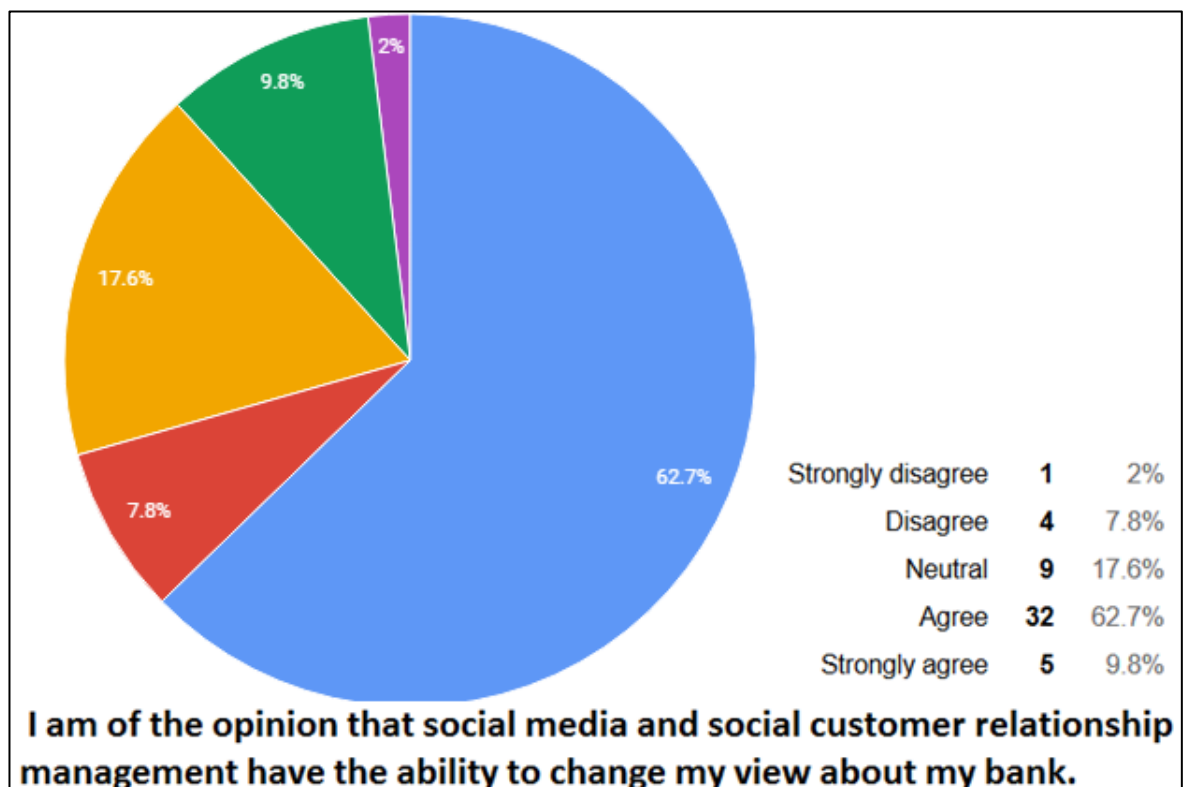


Figure 12. Respondents' views on SCRM of their banks.

The aim of the question is to ascertain whether the usage of SCRM or social media could change their opinion about their banks. 9.8 percent of them strongly agreed, and 62.7 percent agreed. However, 7.8 percent disagreed, and 17.6 percent were undecided, and 2 percent strongly disagreed.

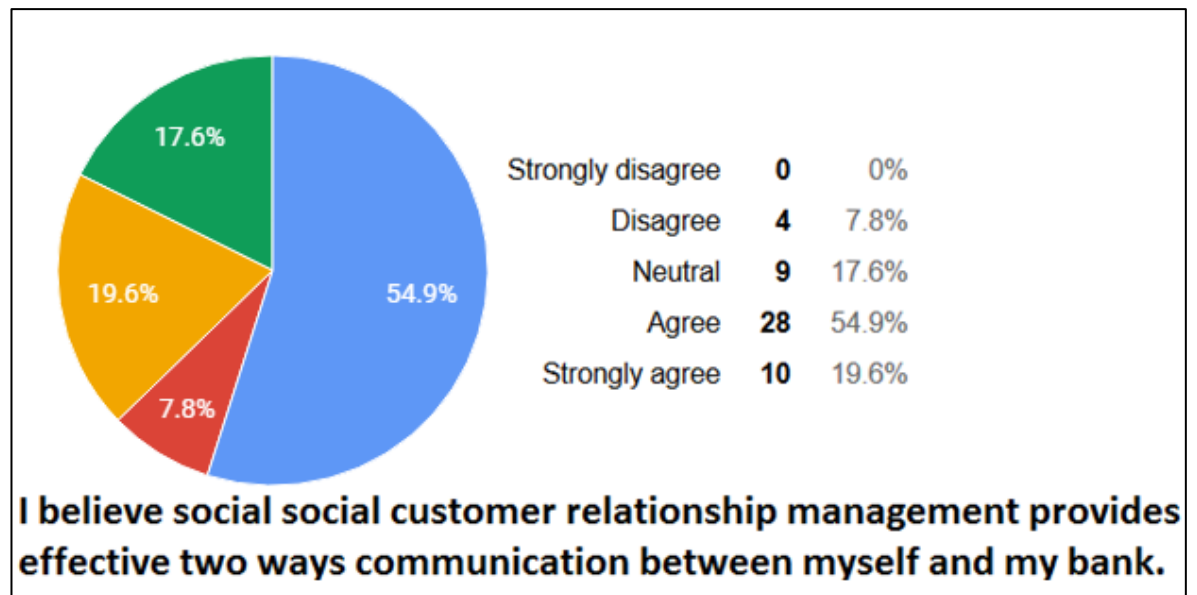


Figure 13. SCRM a useful communication tool.

The above chart depicts the extent to which SCRM is seen as an efficient and helpful communication tool between banks and their customers. 54 percent of the respondents agreed that it is a useful tool for communication, 19 percent strongly agreed while 17.6 percent disagreed with it, but 7.8 percent was undecided.

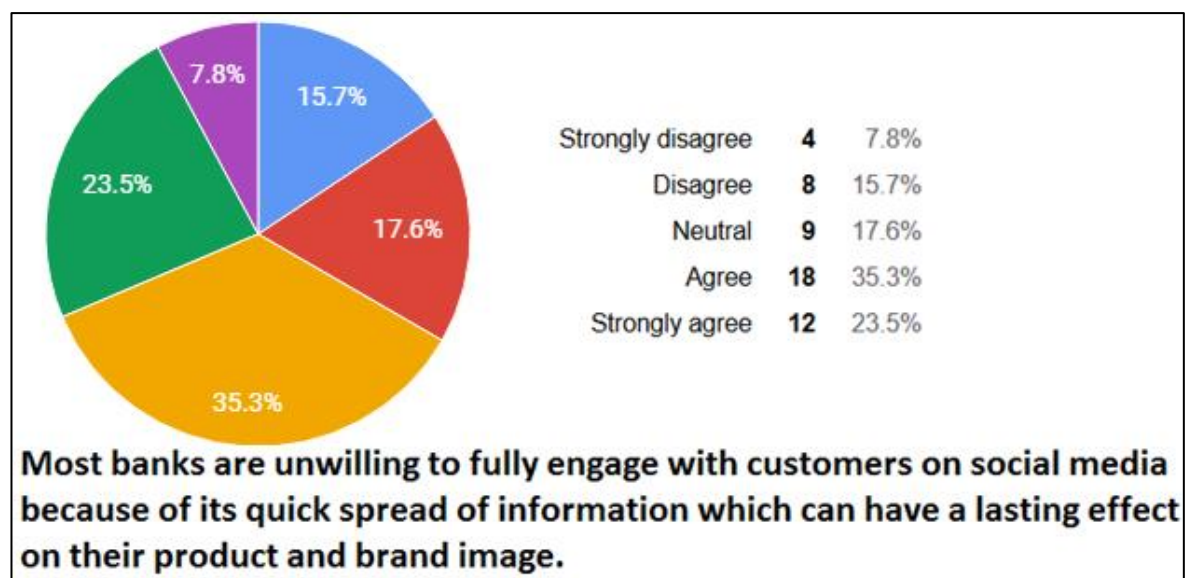


Figure 14. The willingness of banks to engage customers on SCRM.

Factor that could make banks unwilling to engage with their customers such as the quick spread of information of social media was asked. 35.3 percent of the respondents agreed that banks are reluctant to engage with their clients because of this

stated factor, 23.5 percent strongly agreed while 7.8 percent strongly disagreed and 15.7 percent did not agree with it, but 17.6 percent was undecided.

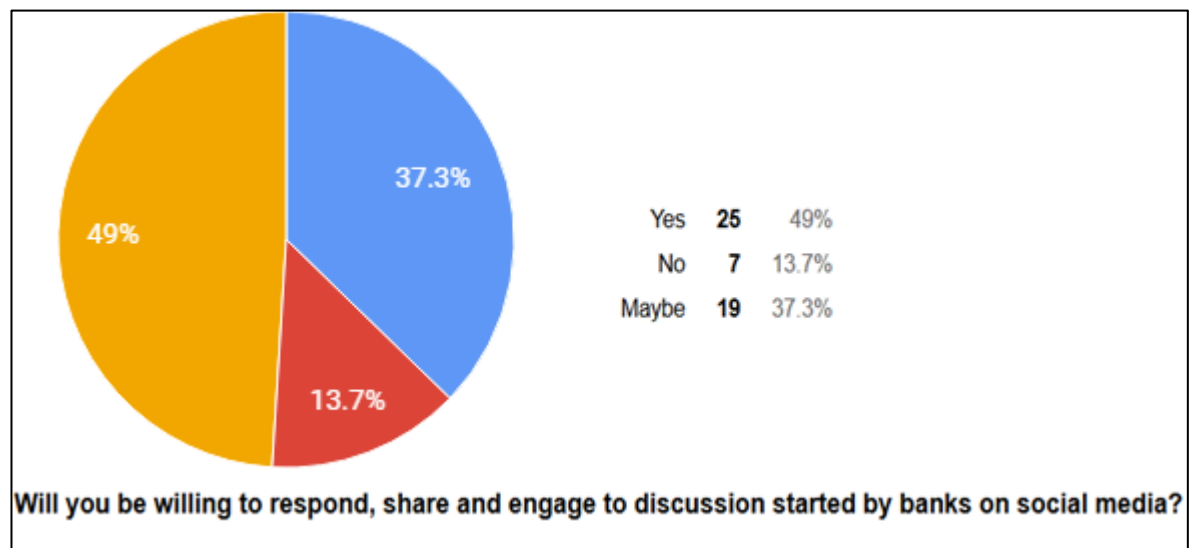


Figure 15. The willingness of customers to engage with the banks on SCRM.

From the chart above shows the willingness of the customer to respond, share and engage in the discussion started by banks on social media. 49 percent of the respondents concurred to answer to the debate initiated by banks and 13.7 percent would not, while 37.3 percent of them were undecided.

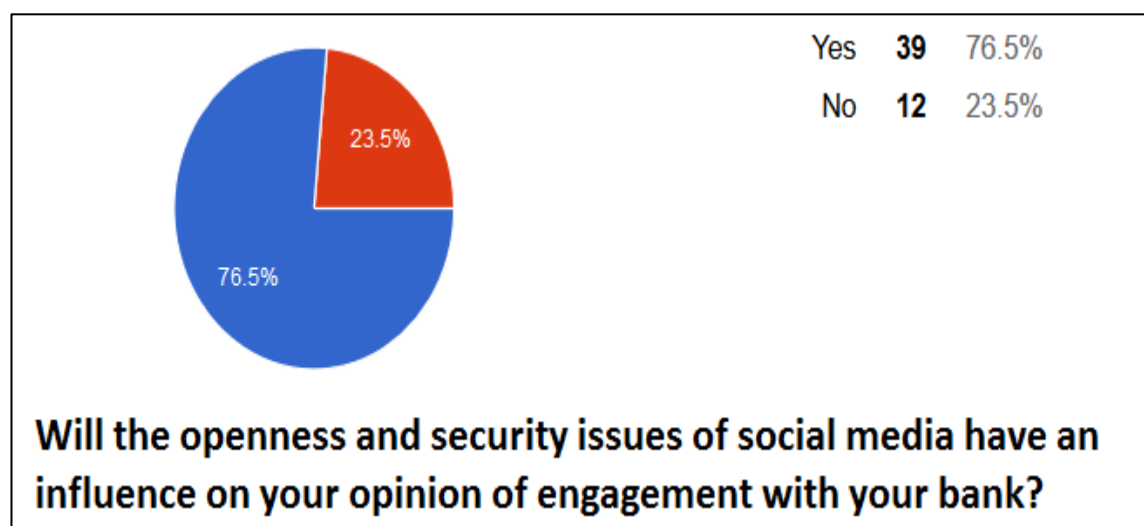


Figure 16. Concern for openness and security issues of social media.

A critical look at a deciding factor that could make customer unwilling to engage with their banks such as the openness and security issues of social media. 76.5 percent of the respondents agreed that the openness and security matters of social media

are factors to be considered before they engage in a conversion while 23.5 percent felt otherwise.

## 6.2 RESULTS OF THE SECOND SURVEY

The second survey focused on reviewing the views of the banks' officials regarding the usage of SCRM in their respective banks. A total of 15 invitations were sent, and eight responses were received, resulting in a response rate of 53.3 percent.

### 6.2.1 DESCRIPTIVE INFORMATION ABOUT THE RESPONDENTS

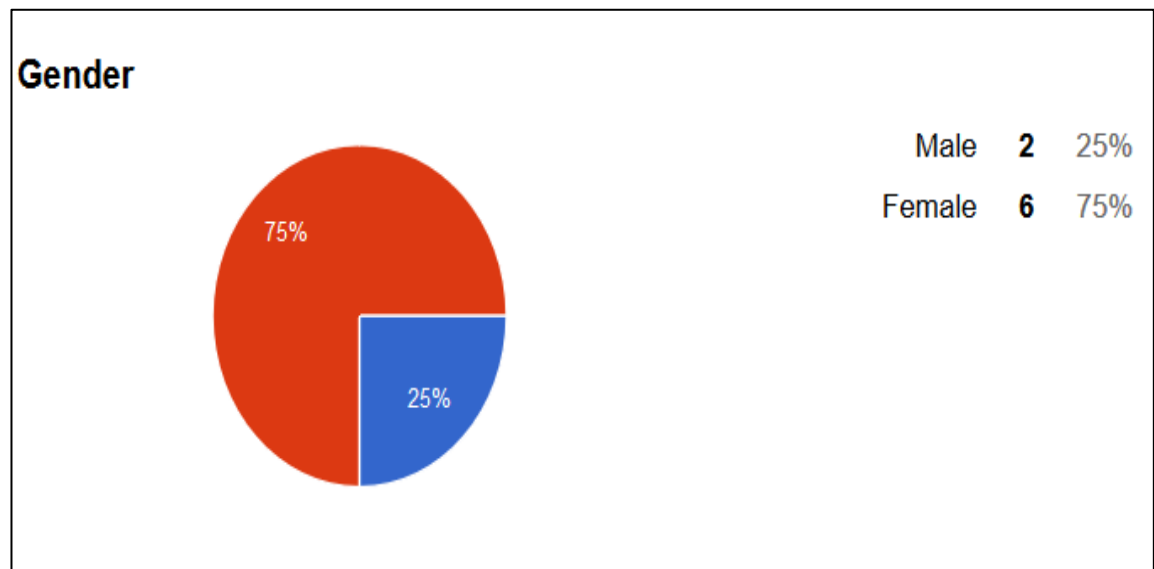


Figure 17. Concern for openness and security issues of social media.

The chart above shows the gender ratio of the respondents that participated in the survey with 25 percent of male while 75 percent were female.

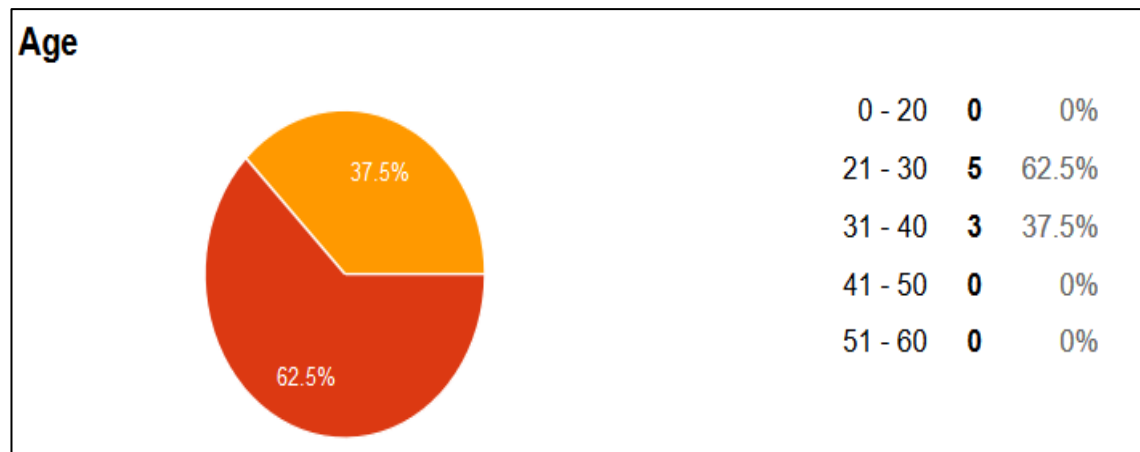


Figure 18. Age of respondents.

The chart above shows the age categories of the respondents that participated in the survey, the majority of the respondents are in the age bracket of 21–30 with 62.5 percent, while those of 31–40 years of age account for 37.5 percent.

Here, the analysis of the position of the respondents was analyzed. 37.5 percent of the respondents that participated in the survey are junior level staff while 62.5 percent are senior level staff.

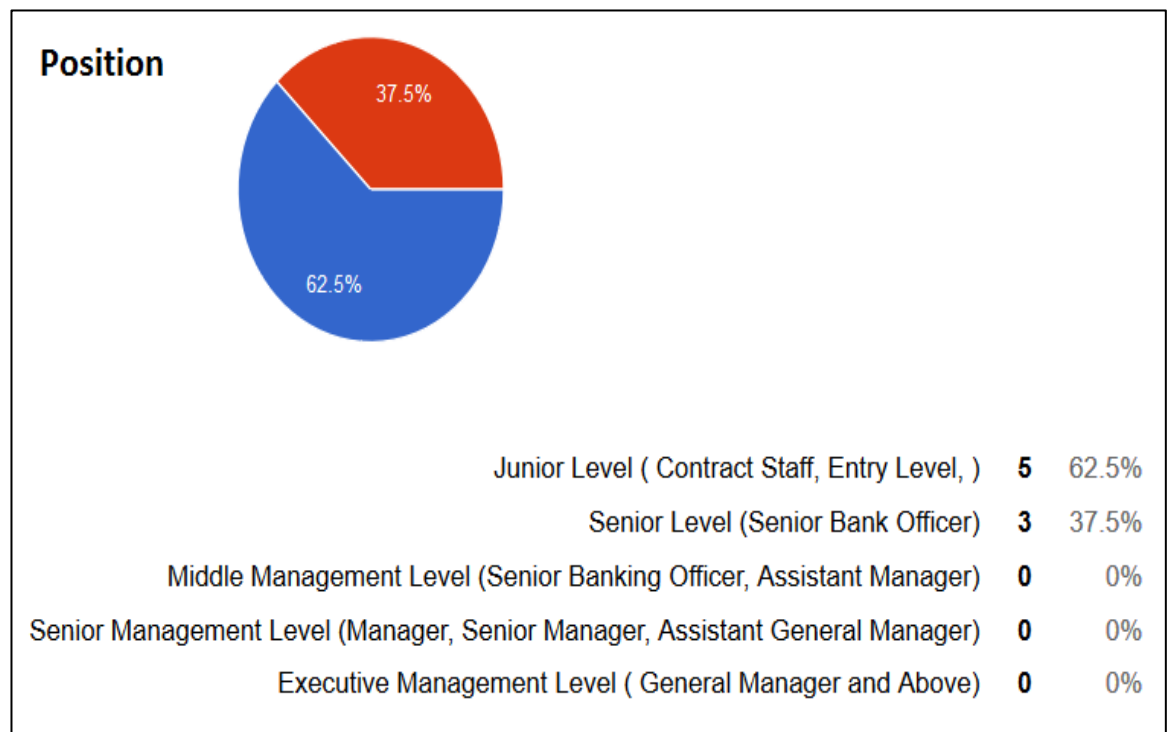


Figure 19. Position of respondent.

6.2.2 RESEARCH RESULTS

All of the respondents agreed that their organization value customer has valuable assets.

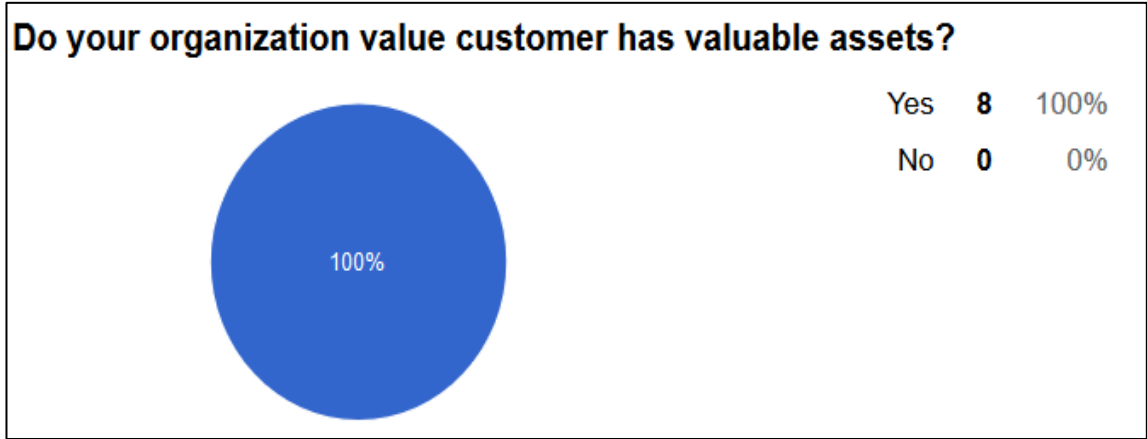


Figure 20. Customer has valuable asset.

Under this section of the survey, the respondents were asked the most preferred customer service channel their customers use for complaint and getting financial advice. The majority of about 75 percent chose banks' branches, followed by emails with a percent of 25. This shows that in the Nigerian banking sector, the majority of customers prefers to either send mail to inquire about a service or go to the bank centers to enjoy service.

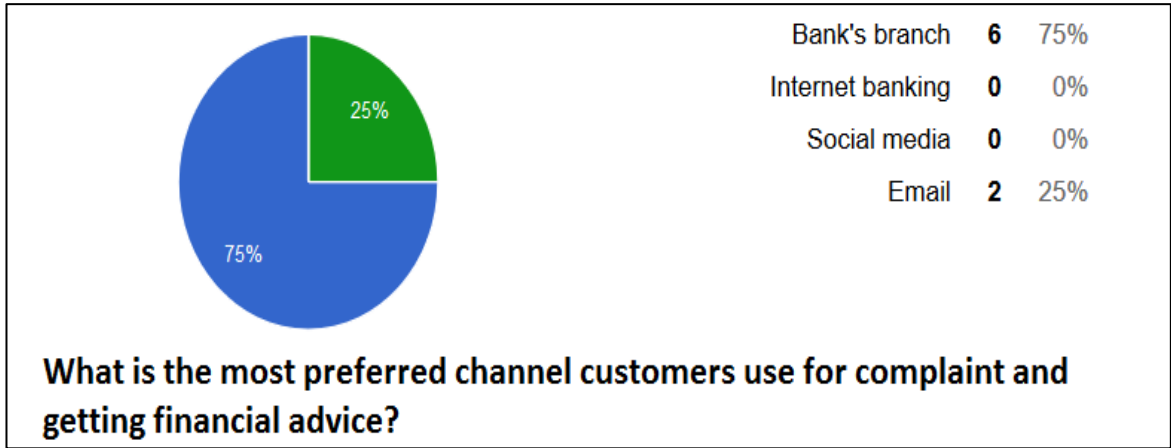


Figure 21. Preferred customer service channel for getting services.

The respondents were asked the most trustworthy, reliable and efficient customer service channel their customer prefer. They all agreed that most clients are more

comfortable coming to the branch centers because they see it as the most trustworthy, reliable and efficient.

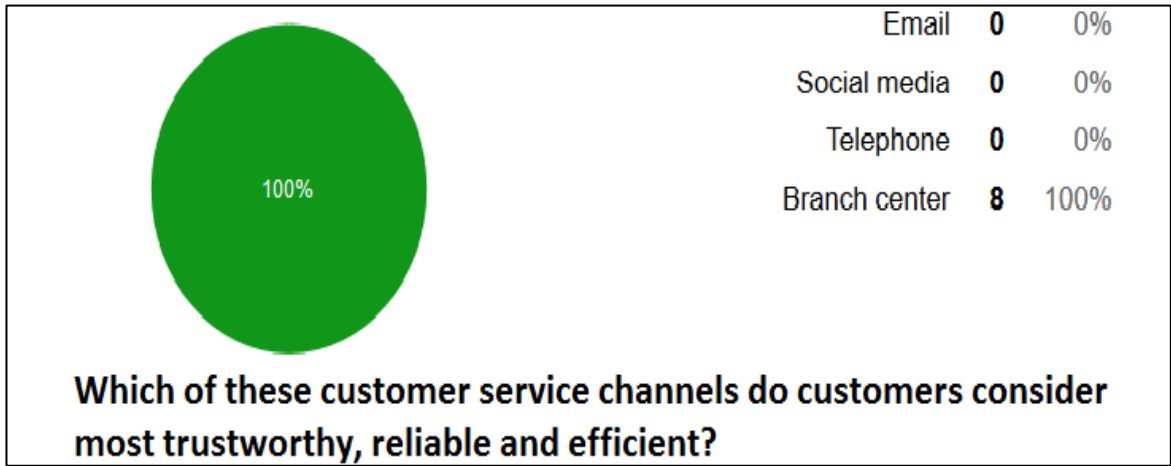


Figure 22. Reliable and efficient customer service channel.

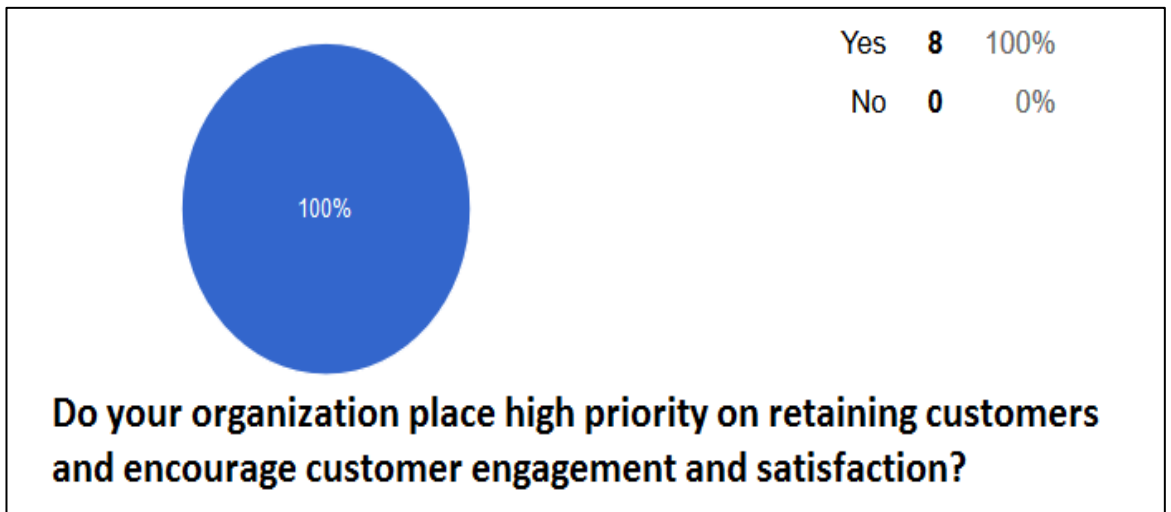


Figure 23. Customer engagement and satisfaction.

Under this section of the survey, the respondents were asked if their organizations do place a high priority on retaining customers and encourage customer engagement and satisfaction. All of the respondents agreed that their organizations appreciate customer engagement and satisfaction.

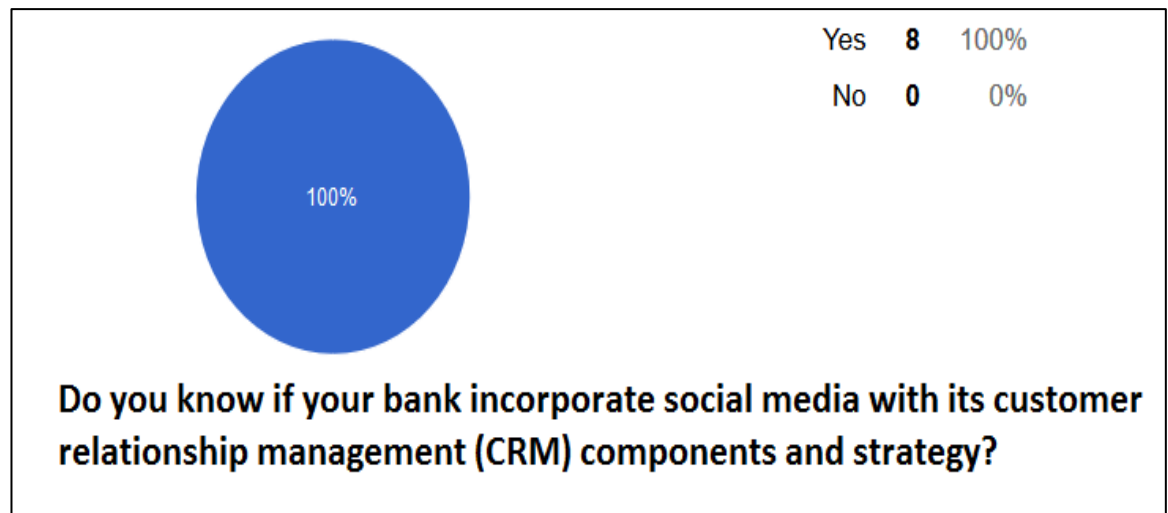


Figure 24. Customer engagement and satisfaction.

Here, the respondents were asked if their banks incorporate social media with its CRM components and strategy; they all agreed that their organizations integrate social media into its CRM components and plan.

The chart below shows the social media channel the selected banks for this survey use. 87.5 percent of the respondents said that their banks have a strong presence on Facebook, while 62.5 percent, 62.5 percent and 50 percent of the respondents said that their banks used Instagram, Twitter, and LinkedIn.

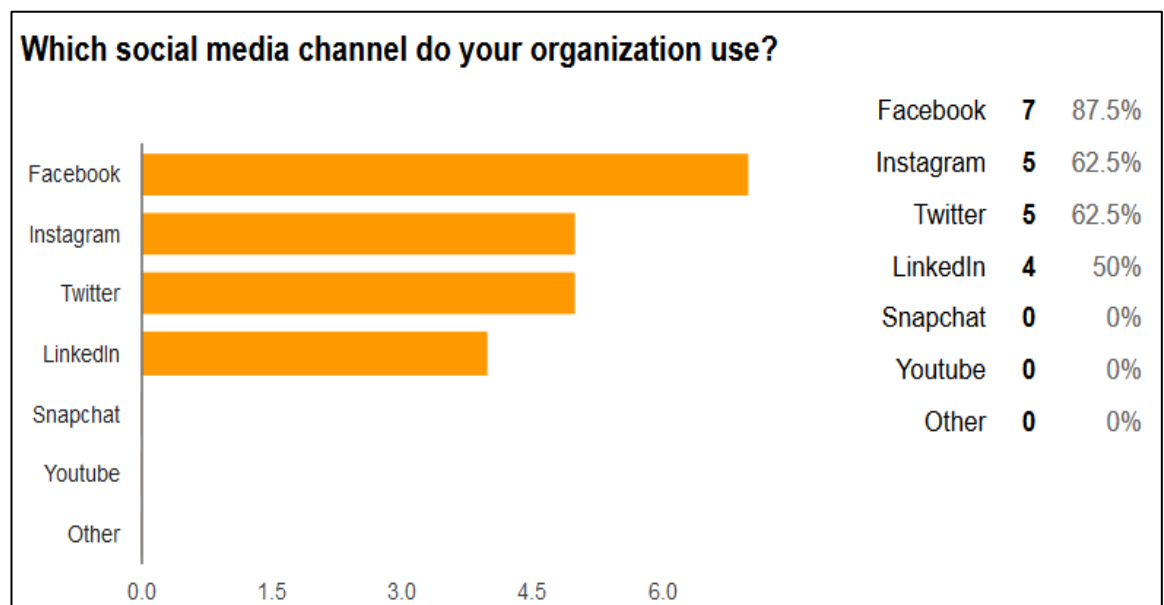


Figure 25. Customer engagement and satisfaction.



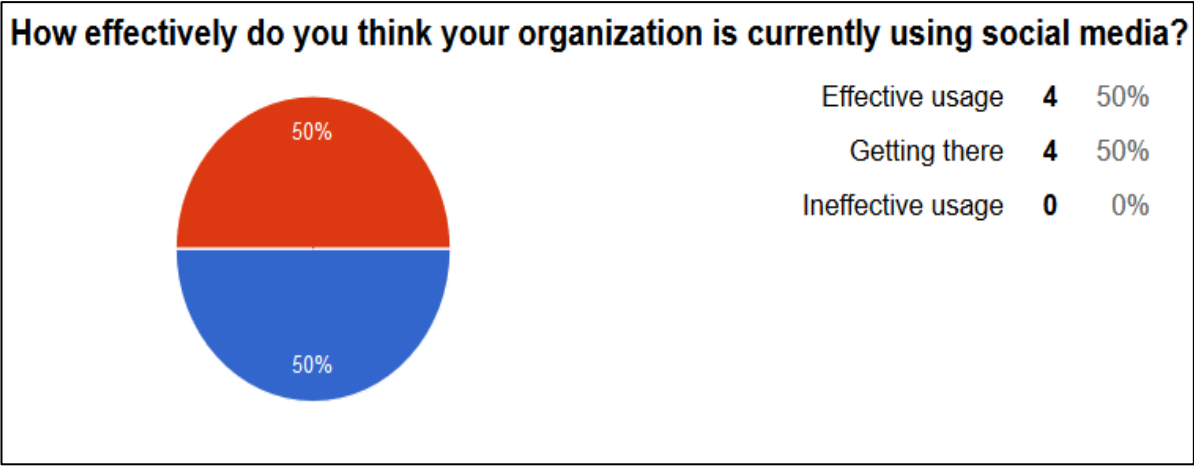


Figure 26. Social media usage.

50 percent of the respondents said their banks effectively used social media, while 50 percent believed they were getting there with it.

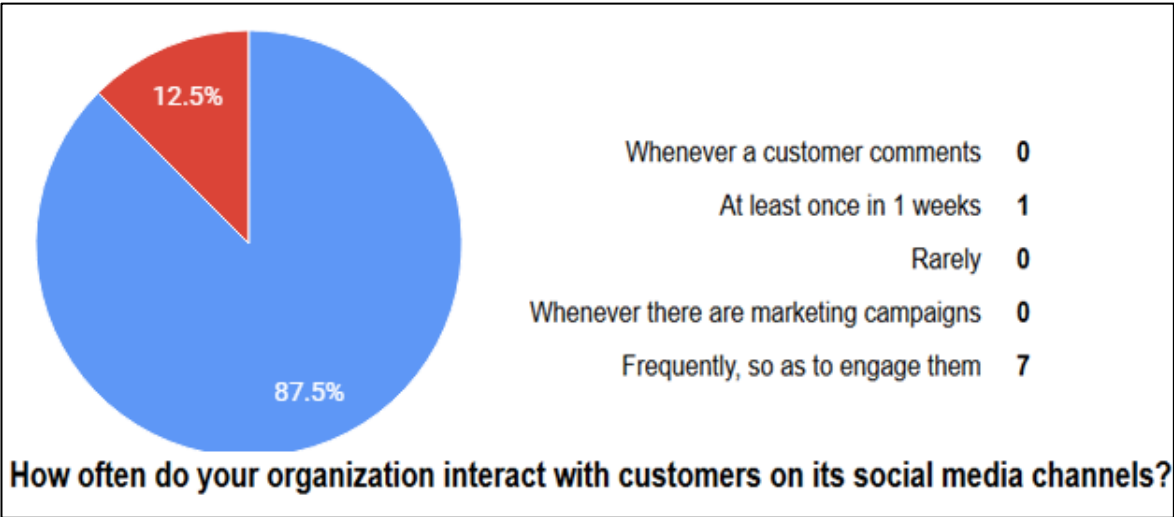


Figure 27. How often do your organization interact with customers on social media?

87.5 percent of the respondents said their organization frequently used social media so as to engage them, while 12.5 percent stated that they communicated at least once in a week.

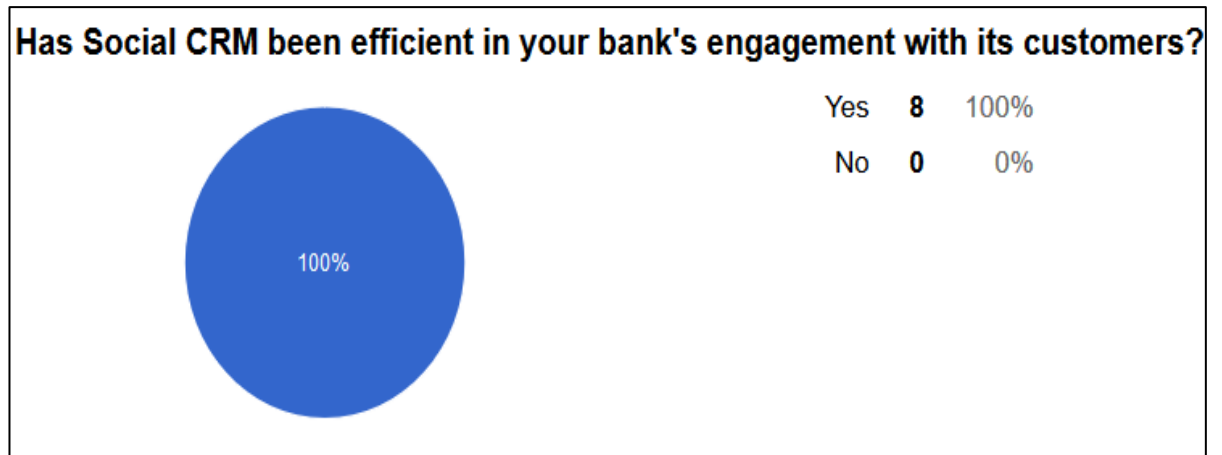


Figure 28. Has SCRM been efficient in engaging customers?

The chart above shows that the SCRM has been efficient in helping their banks' engagement with customers.

Shown in the diagram below are the benefits that the respondents believe the usage of social media and SCRM has brought to their banks.

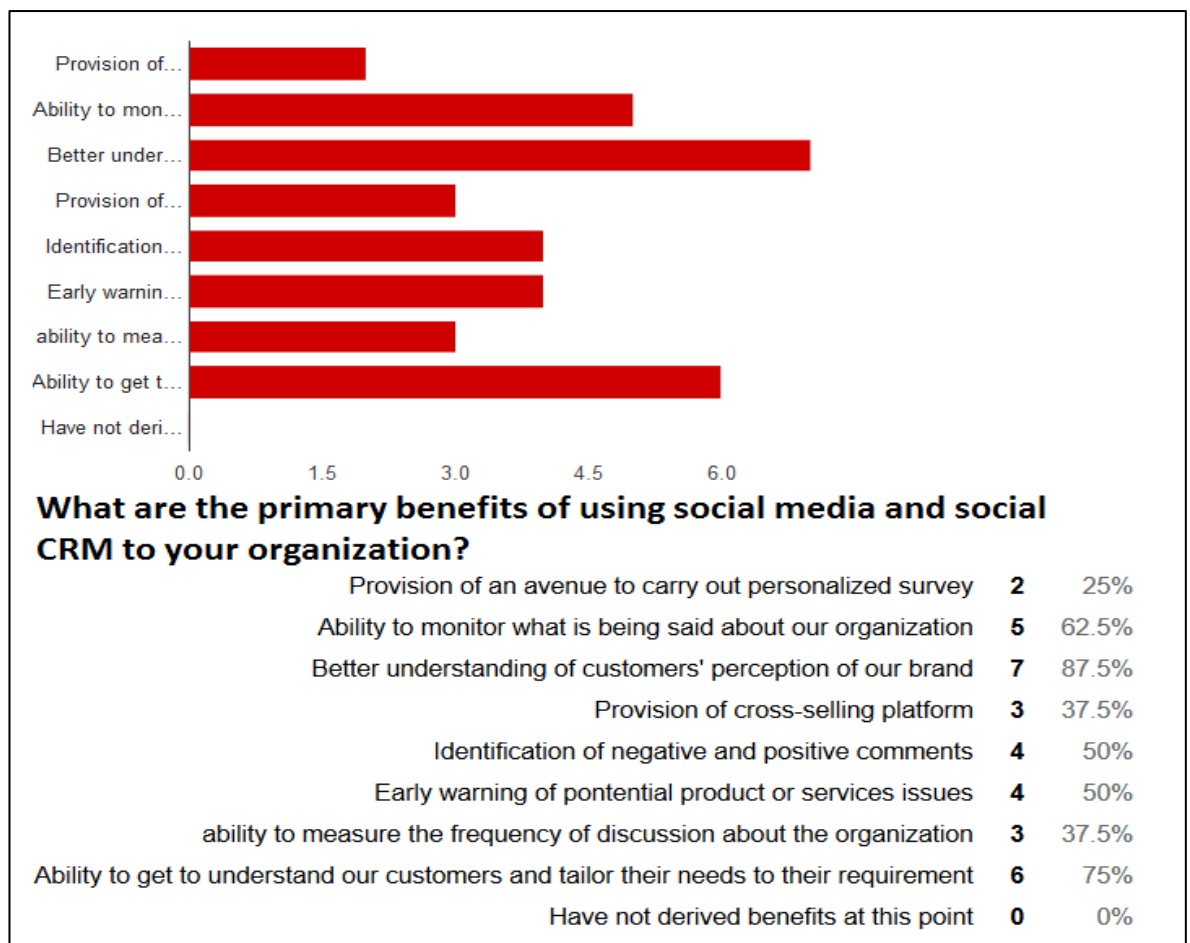


Figure 29. Benefits of using social media and SCRM.

### 6.2.3 RESPONDENTS' OPINIONS AND RECOMMENDATIONS

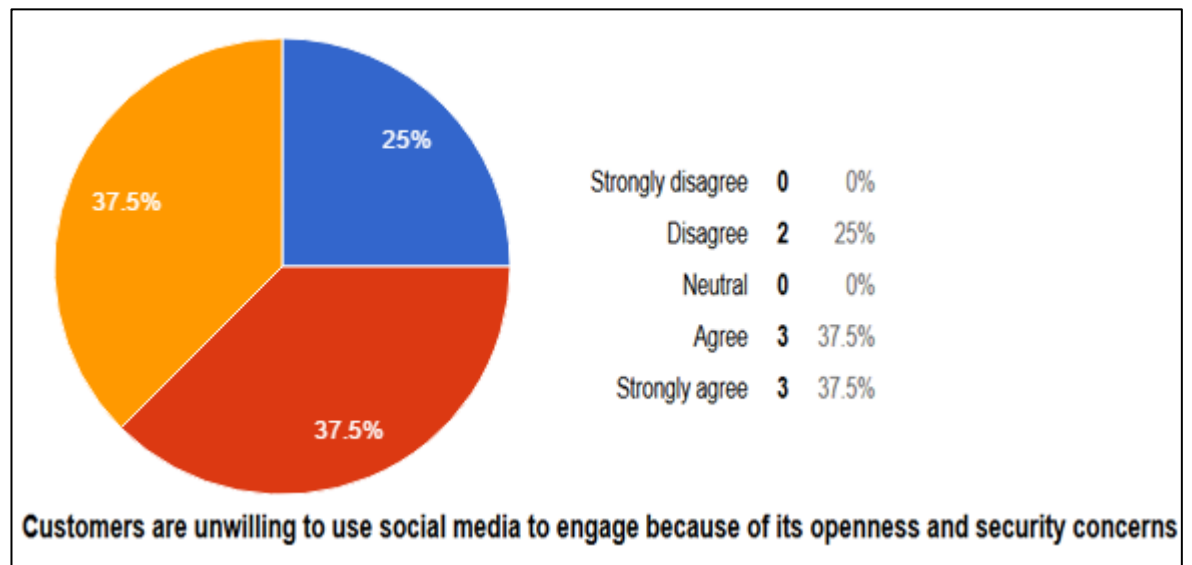


Figure 30. Customers' willingness to engage.

75 percent of the respondents agreed that most clients were unwilling to commit themselves to social media because of concern of its openness and security, while 25 percent disagreed.

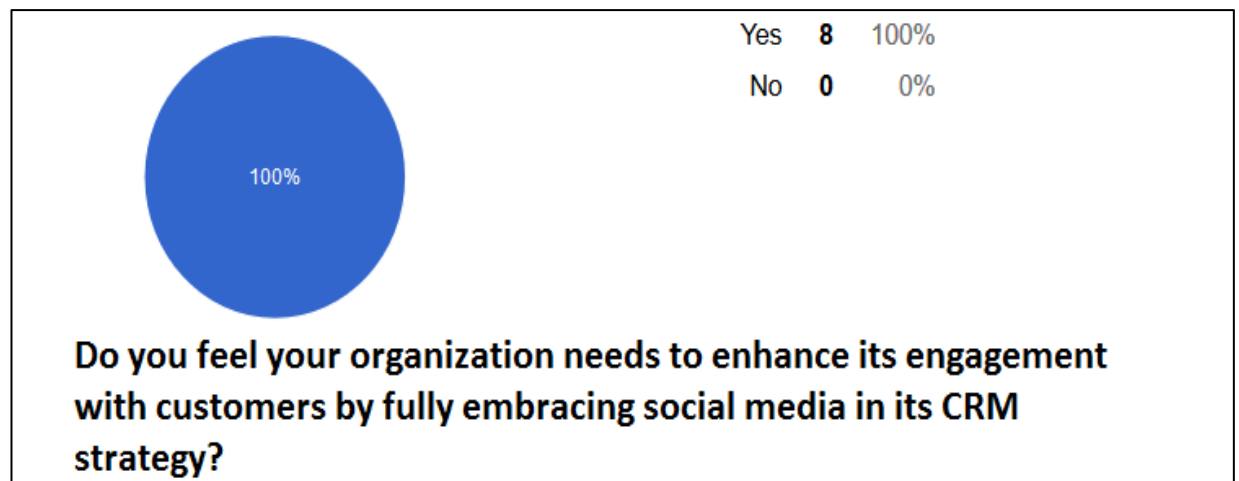


Figure 31. Do organizations need to enhance its engagement with customers by embracing SCRM?

Most respondents said the organization needs to enhance their engagement with customers by fully embracing social media in its CRM strategy.

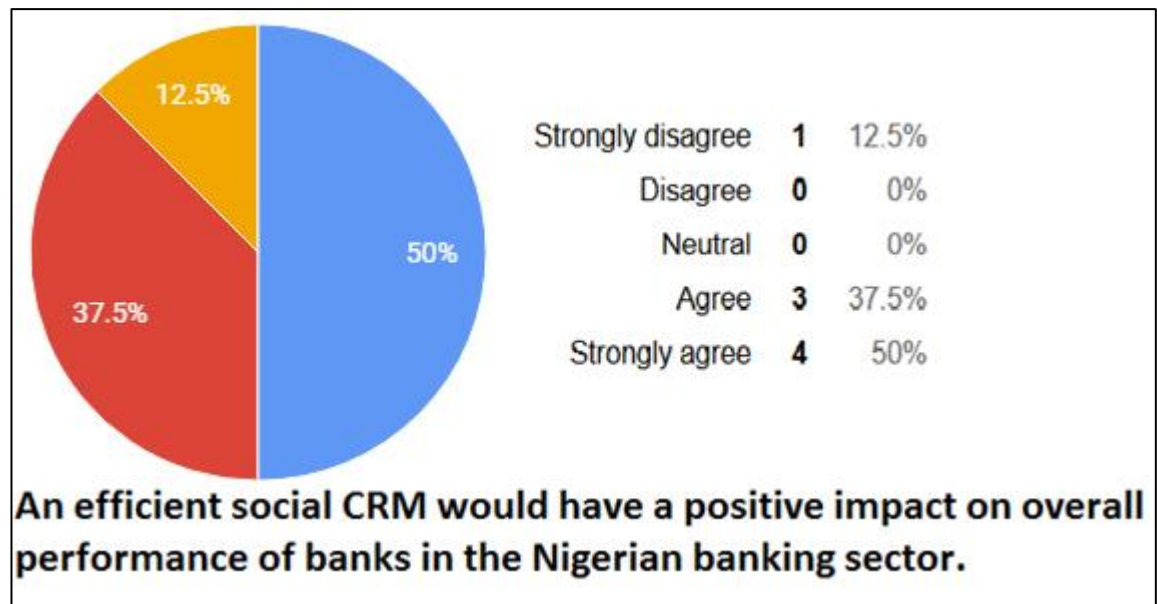


Figure 32. Impact of SCRM.

More than half of the respondents agreed that an efficient SCRM would have a positive impact on overall performance of the Nigerian banking sector, while 12.5 per cent strongly disagreed.

It is worth noting that the respondents were asked to share more views and comments that can give further insight and understanding about the research study which perhaps was omitted in the scope of the survey. Here are the following remarks made by the respondents:

- The bank's Social Media engagement should be limited to the passing of information and enlightenment of customers. It should be restricted to sharing of vital information because of security and data theft concern which is among critical and growing concerns of internet driven technology. The respondent further said he would prefer as a customer to go to bank centers to obtain vital high-level information. However, respondent concluded that being a bank officer; he would encourage customers to engage on social media to get low-level information that creates less concern to them.
- As pointed out by one of the respondents, social media in the Nigerian banking sector as its shortcoming regarding the choice of language used in communicating. Although it does aid the communication flow between the banks and their technology savvy and learned customers at the whole bank level

because service offered through social media are done mostly in English, it fails to address the concerns of illiterate and uneducated clients. This group of non-educated customers prefers to visit banks' center where they can be offered services in their respective native languages.

## 7 CONCLUSION AND RECOMMENDATIONS

The majority of the customers prefers to engage with their banks by visiting their respective branch centers, only 7.8 percent of the respondents favored using social media despite the fact that many of the respondents are actively presence on most available social media channels being utilized by most banks. The study showed customers that are willing to using social media to engage with their banks are learned and technology savvy customers because customer service responses received through social media are made primarily in the English language.

According to Figures 14 and 15, customers are of the opinion that banks are unwilling to engage them on social media entirely to protect their reputation on social media. A majority of them believe that banks restraint during interaction because all and sundry can see comments and reviews, any negative view could hurt or damage their reputation. Figure 8 further indicates that more than half of the customers rarely or never engage on social media with their banks.

The fear of information theft and security issues are also reasons why most of them do not engage. Though customers see SCRM as a useful two-ways tool in engaging with the banks and also consider it of high important for banks to be actively presence on social media. However, many are still skeptical about its openness and security concerns; it is hard to overlook the security concerns SCRM poses to many customers and financial institutions at large. So, banks should ensure that information, no matter how less relevant it is, is secured.

Figures 23 and 24 show that SCRM plays a significant role in customer engagement and satisfaction in the Nigerian banking sector; Figure 26 further indicates that half of the respondents agreed that their respective financial institutions are using social media effectively to facilitate CRM while the remaining half thought otherwise. The Nigerian banking sector needs to enhance the engagement process on social media further so as to get insightful responses. As a result, helps the organizations to get so close to their customers and by so doing engage with them in such a timely and relevant manner; this could help to reduce the long queues which are always being experienced at most bank branches nationwide.

The quality of service in customer experience journey is undoubtedly shaping the competitive landscape in the Nigerian banking industry. So, banks should always ensure that best quality of experience is achieved across all social media channels because the majority of customers uses more than one channel as seen in Figure 5; negative experience with one could affect the customer experience journey and consequently affect others.

The research work focuses on the evaluation of the impact and usage of SCRM using the Nigerian banking sector as a case study as well as examine the degree of willingness of both the customers to contribute or interact on the SCRM. External factors like regulations relating to data privacy and security, internal resistance that may arise in the sector as a result of SCRM implementation. The author suggests a further research focus on overcoming external controls, internal resistance in the industry associated with SCRM implementation. Another research suggestion is to revisit this study in a few years and re-evaluate if the industry has been able to develop its SCRM capabilities further.

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## APPENDICES

### APPENDIX 1. THESIS SURVEY FOR CUSTOMERS

# Social Customer Relationship Management (SCRM): A Case Study of Nigerian Banking Sector.

The purpose of this research is on evaluating the impact and usage of social customer relationship management (SCRM) in the Nigerian banking sector as well as examine the degree of willingness of both the existing and prospective customers to contribute or interact on the SCRM. This survey contains 15 questions and should take 5 - 10 minutes of your time. Please thoroughly think about responding.

All information provided will be kept confidential and will aid the completion of this research work.

Thank you for your anticipated participation.

\*Required

Seinäjoki University of Applied Science Thesis \*

☐ I have read the text above and understood what the study is about.

NEXT

\*Required

1. Gender \*

- ☐ Male
- ☐ Female

2. Age \*

- ☐ 0 - 20
- ☐ 21 - 30
- ☐ 31 - 40
- ☐ 41 - 50
- ☐ 51 - 60
- ☐ 60 - Above

3. Educational Level \*

- ☐ Secondary education
- ☐ Vocational education
- ☐ Tertiary or higher education

#### 4. Which of the social media channels do you use most frequently?

You can choose more than one

- ☐ Facebook
- ☐ Twitter
- ☐ Snapchat
- ☐ Instagram
- ☐ LinkedIn
- ☐ Youtube
- ☐ Other: \_\_\_\_\_

#### 5. Which of these customer service channels do you find most trustworthy, reliable and efficient? \*

- ☐ Telephone
- ☐ Email
- ☐ Social media
- ☐ Branch center

BACK

NEXT

\*Required

6. How often do you use social media for personal purpose? \*

- ☐ Frequently
- ☐ At least once in 2 weeks
- ☐ Once in a month
- ☐ Rarely
- ☐ Never

7. How often do you interact with your bank via social media? \*

- ☐ At least once in 1 weeks
- ☐ Once in a month
- ☐ Rarely
- ☐ Never
- ☐ Other:

8. What is your preferred channel for carrying out complaint and getting financial advice? \*

- ☐ At the bank's branch
- ☐ Internet banking
- ☐ Social media
- ☐ Email

9. How important is it that your bank has active social media channels? \*

- ☐ Not important
- ☐ Somehow important
- ☐ Neutral
- ☐ Important
- ☐ Very important

10. What are the most important factors in your bank customer relationship \*

You can choose more than one

- ☐ Excellent customer service
- ☐ Ease access to the customer service channel
- ☐ Proper enlightenment via engagement
- ☐ Provision of customer satisfaction
- ☐ Other: \_\_\_\_\_

BACK

NEXT

\*Required

11. I am of the opinion that social media and social customer relationship management have the ability to change my view about my bank. \*

- ☐ Strongly disagree
- ☐ Disagree
- ☐ Neutral
- ☐ Agree
- ☐ Strongly agree

12. I believe social social customer relationship management provides effective two ways communication between myself and my bank. \*

- ☐ Strongly disagree
- ☐ Disagree
- ☐ Neutral
- ☐ Agree
- ☐ Strongly agree

13. Most banks are unwilling to fully engage with customers on social media because of its quick spread of information which can have a lasting effect on their product and brand image. \*

---

- ☐ Strongly disagree
- ☐ Disagree
- ☐ Neutral
- ☐ Agree
- ☐ Strongly agree

14. Will you be willing to respond, share and engage to discussion started by banks on social media? \*

- ☐ Yes
- ☐ No
- ☐ Maybe

15. Will the openness and security issues of social media have an influence on your opinion of engagement with your bank? \*

- ☐ Yes
- ☐ No

BACK

NEXT

### Additional comments

Anything else you wish to contribute to the topic?

Your answer

BACK

SUBMIT



**APPENDIX 2. THESIS SURVEY FOR THE SELECTED BANKS**

## Social Customer Relationship Management (SCRM): A Case Study of Nigerian Banking Sector.

The purpose of this research is on evaluating the impact and usage of social customer relationship management (SCRM) in the Nigerian banking sector as well as examine the degree of willingness of both the existing and prospective customers to contribute or interact on the SCRM. This survey contains 16 questions and should take 5 - 10 minutes of your time. Please thoroughly think about responding.

All information provided will be kept confidential and will aid the completion of this research work.

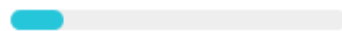
Thank you for your anticipated participation.

**\*Required**

**Seinäjoki University of Applied Science Thesis \***

☐ I have read the text above and understood what the study is about.

NEXT



Page 1 of 6

\*Required

**1. Gender \***

- ☐ Male
- ☐ Female

**2. Age \***

- ☐ 0 - 20
- ☐ 21 - 30
- ☐ 31 - 40
- ☐ 41 - 50
- ☐ 51 - 60

**3. Position \***

- ☐ Junior Level ( Contract Staff, Entry Level, )
- ☐ Senior Level (Senior Bank Officer)
- ☐ Middle Management Level (Senior Banking Officer, Assistant Manager)
- ☐ Senior Management Level (Manager, Senior Manager, Assistant General Manager)
- ☐ Executive Management Level ( General Manager and Above)

4. Do your organization value customer has valuable assets? \*

☐ Yes

☐ No

5. What is the most preferred channel customers use for complaint and getting financial advice? \*

☐ Bank's branch

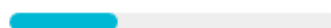
☐ Internet banking

☐ Social media

☐ Email

BACK

NEXT



Page 2 of 6

\*Required

6. Which of these customer service channels do customers consider most trustworthy, reliable and efficient? \*

- ☐ Email
- ☐ Social media
- ☐ Telephone
- ☐ Branch center

7. Do your organization place high priority on retaining customers and encourage customer engagement and satisfaction? \*

- ☐ Yes
- ☐ No

8. Do you know if your bank incorporate social media with its customer relationship management (CRM) components and strategy? \*

- ☐ Yes
- ☐ No

9. Which social media channel do your organization use?

- ☐ Facebook
- ☐ Instagram
- ☐ Twitter
- ☐ LinkedIn
- ☐ Snapchat
- ☐ Youtube
- ☐ Other: \_\_\_\_\_

10. How effectively do you think your organization is currently using social media? \*

- ☐ Effective usage
- ☐ Getting there
- ☐ Ineffective usage

BACK

NEXT



Page 3 of 6

\*Required

11. How often do your organization interact with customers on its social media channels? \*

- ☐ Whenever a customer comments
- ☐ At least once in 1 weeks
- ☐ Rarely
- ☐ Whenever there are marketing campaigns
- ☐ Frequently, so as to engage them

12. Has Social CRM been efficient in your bank's engagement with its customers? \*

- ☐ Yes
- ☐ No

13. What are the primary benefits of using social media and social CRM to your organization? \*

- ☐ Provision of an avenue to carry out personalized survey
- ☐ Ability to monitor what is being said about our organization
- ☐ Better understanding of customers' perception of our brand
- ☐ Provision of cross-selling platform
- ☐ Identification of negative and positive comments
- ☐ Early warning of potential product or services issues
- ☐ ability to measure the frequency of discussion about the organization
- ☐ Ability to get to understand our customers and tailor their needs to their requirement
- ☐ Have not derived benefits at this point

[BACK](#)[NEXT](#)

Page 4 of 6

\*Required

14. Customers are unwilling to use social media to engage because of its openness and security concerns \*

- ☐ Strongly disagree
- ☐ Disagree
- ☐ Neutral
- ☐ Agree
- ☐ Strongly agree

15. Do you feel your organization needs to enhance its engagement with customers by fully embracing social media in its CRM strategy? \*

- ☐ Yes
- ☐ No

16. An efficient social CRM would have a positive impact on overall performance of banks in the Nigerian banking sector. \*

- ☐ Strongly disagree
- ☐ Disagree
- ☐ Neutral
- ☐ Agree
- ☐ Strongly agree

BACK

NEXT

Page 5 of 6



Additional comments

Anything else you wish to contribute to the topic?

Your answer

BACK

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Page 6 of 6